VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 1 JANUARY– 31 DECEMBER 2022 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited 31 December 2022	Audited 31 December 2021
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	1.552.411	2.089.143
Financial Assets		40.153	1.710
Trade Receivables		10.973.910	6.674.282
Trade Receivables Due from Related Parties	*8*	*40.856*	*14.133*
Trade Receivables Due from Third Parties	*9*	*10.933.054*	*6.660.149*
Other Receivables		2.520.423	1.461.021
Other Receivables Due from Related Parties	*8*	*1.352.246*	*848.275*
Other Receivables Due from Third Parties	*10*	*1.168.177*	*612.746*
Derivative Financial Instruments		107.224	288.768
Derivative Financial Instruments Held for Trading	*32*	*97.790*	*14.151*
Derivative Financial Instruments Held for Hedging	*32*	*9.434*	*274.617*
Inventories	11	12.753.074	9.528.703
Prepaid Expenses		798.224	611.717
Prepayments to Related Parties	*8*	*198.203*	-
Prepayments to Third Parties	*12*	*600.021*	*611.717*
Current Tax Assets	30	34.222	7.987
Other Current Assets		157.298	215.323
Other Current Assets Due from Third Parties	*22*	*157.298*	*215.323*
TOTAL CURRENT ASSETS		**28.936.939**	**20.878.654**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	**Audited 31 December 2022**	**Audited 31 December 2021**
NON-CURRENT ASSETS			
Financial Investments	6	126.884	73.085
Investments in subsidiaries, joint ventures and associates	13	1.970.620	1.406.812
Trade Receivables		67	467
Trade Receivables Due from Third Parties	*9*	*67*	*467*
Other Receivables		16.451.742	10.843.955
Other Receivables Due from Related Parties	*8*	*16.418.157*	*10.717.782*
Other Receivables Due from Third Parties	*10*	*33.585*	*126.173*
Property, Plant and Equipment		12.530.713	7.426.990
Land	*14*	*3.194.525*	*1.724.691*
Land Improvement	*14*	*259.345*	*210.892*
Building	*14*	*4.894.959*	*3.498.282*
Machinery and Equipment	*14*	*2.386.387*	*1.828.934*
Vehicle	*14*	*2.591*	*6.937*
Fixtures and Fittings	*14*	*280.937*	*71.012*
Leasehold Improvement	*14*	*56.661*	*4.110*
Construction in Progress	*14*	*1.455.308*	*82.132*
Right of Use Assets	15	464.990	179.618
Intangible Assets and Goodwill		1.570.349	1.107.011
Goodwill	*17*	*196.568*	*196.568*
Other Rights	*16*	*21.748*	*24.901*
Capitalized Development Costs	*16*	*1.191.783*	*789.738*
Other Intangible Assets	*16*	*160.250*	*95.804*
Prepaid Expenses		388.793	371.314
Prepayments to Third Parties	*12*	*388.793*	*371.314*
Deferred Tax Asset	30	431.877	795.193
Other Non-current Assets		-	9.590
TOTAL NON-CURRENT ASSETS		**33.936.035**	**22.214.035**
TOTAL ASSETS		**62.872.974**	**43.092.689**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited 31 December 2022	Audited 31 December 2021
LIABILITIES			
CURRENT LIABILITIES			
Short Term Borrowings	7	18.947.562	5.057.567
Short Term Borrowings from Related Parties		10.676	11.423
Lease Liabilities	*7,8*	*10.676*	*11.423*
Short Term Borrowings from Third Parties		18.936.886	5.046.144
Bank Loans	*7*	*17.668.289*	*4.344.893*
Lease Liabilities	*7*	*129.393*	*63.434*
Issued Debt Instruments	*7*	*1.139.204*	*637.817*
Current Portion of Long Term Borrowings		1.396.941	6.014.337
Current Portion of Long Term Borrowings from Third Parties		1.396.941	6.014.337
Bank Loans	*7*	*1.396.941*	*6.014.337*
Trade Payables		21.581.477	16.026.589
Trade Payables to Related Parties	*8*	*44.064*	*66.009*
Trade Payables to Third Parties	*9*	*21.537.413*	*15.960.580*
Payables Related to Employee Benefits	21	453.969	279.503
Other Payables		2.791	10.752
Other Payables to Third Parties	*10*	*2.791*	*10.752*
Derivative Financial Liabilities	32	595.569	531.887
Derivative Financial Liabilities Held for Trading		*216.967*	*490.901*
Derivative Financial Liabilities Held for Hedging		*378.602*	*40.986*
Deferred Revenue		1.252.820	413.993
Deferred Revenue from Third Parties	10	1.252.820	413.993
Current Tax Liabilities	30	-	-
Current Provisions		1.560.005	1.240.635
Other Current Provisions	*19*	*1.560.005*	*1.240.635*
Other Current Liabilities		1.217.997	1.034.834
Other Current Liabilities to Third Parties	*22*	*1.217.997*	*1.034.834*
TOTAL CURRENT LIABILITIES		**47.009.131**	**30.610.097**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited 31 December 2022	Audited 31 December 2021
NON-CURRENT LIABILITIES			
Long Term Borrowings		1.091.203	1.045.222
Long Term Borrowings from Related Parties		-	10.676
Lease Liabilities	*7,8*	-	*10.676*
Long Term Borrowings from Third Parties		1.091.203	1.034.546
Bank Loans	*7*	*693.877*	*628.475*
Lease Liabilities	*7*	*397.326*	*141.071*
Issued Debt Instruments	*7*	-	*265.000*
Trade Payables		182.877	181.003
Trade Payables to Third Parties	*9*	*182.877*	*181.003*
Non-current Provisions		1.391.686	480.671
Non-current Provisions for Employee Benefits	*21*	*1.240.006*	*387.222*
Other Non-current Provisions	*19*	*151.680*	*93.449*
Deferred Tax Liabilities	30	-	461.600
Other Non-current Liabilities		3.879	2.435
Other Non-current Liabilities to Third Parties		*3.879*	*2.435*
TOTAL NON-CURRENT LIABILITIES		**2.669.645**	**2.170.931**
TOTAL LIABILITIES		**49.678.776**	**32.781.028**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited 31 December 2022	Audited 31 December 2021
EQUITY			
Equity Attributable to Owners of Parent		**11.969.144**	**9.441.862**
Issued Capital	23	335.456	335.456
Adjustments on Capital		688.315	688.315
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified to Profit or Loss		4.925.563	3.825.581
Gains (Losses) on Revaluation and Remeasurement		4.925.563	3.825.581
Increases (Decreases) on Revaluation of Property, Plant and Equipment	*29*	*5.646.358*	*3.985.651*
Gains (Losses) on Remeasurement of Defined Benefit Plans	*29*	*(720.795)*	*(160.070)*
Other Accumulated Comprehensive Income (Loss) that will be Reclassified to Profit or Loss		1.554.516	1.299.238
Exchange Differences on Translation		1.633.856	1.159.315
Gains (Losses) on Hedge		(129.367)	132.935
Gains (Losses) on Cash Flow Hedges	*29*	*(129.367)*	*132.935*
Gains (Losses) on Revaluation and Reclassification		50.027	6.988
Gains (Losses) on Remeasuring Financial Assets Measured of Fair Value through Other Compressive Income	*23*	*50.027*	*6.988*
Restricted Reserves Appropriated from Profits		261.116	265.489
Legal Reserves	*23*	*261.116*	*265.489*
Prior Years' Profits or Losses	23	3.347.431	1.132.296
Current Period Net Profit Or Loss		856.747	1.895.487
Non-controlling Interests		**1.225.054**	**869.799**
TOTAL EQUITY		**13.194.198**	**10.311.661**
TOTAL LIABILITIES AND EQUITY		**62.872.974**	**43.092.689**

Consolidated financial statements for the period 1 January - 31 December 2022, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 10 March 2023. General Assembly and specified regulatory bodies have the right to make amendments to statutory financial statements after issue.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
PROFIT OR LOSS			
Revenue	24	58.373.849	32.505.835
Cost of Sales	24	(44.691.815)	(23.487.021)
GROSS PROFIT		**13.682.034**	**9.018.814**
General Administrative Expenses	26	(1.230.743)	(651.035)
Marketing Expenses	26	(6.734.880)	(3.404.978)
Research and Development Expense	26	(716.616)	(405.695)
Other Income from Operating Activities	27	2.976.740	3.164.201
Other Expenses from Operating Activities	27	(7.557.671)	(6.556.200)
PROFIT FROM OPERATING ACTIVITIES		**418.864**	**1.165.107**
Share of Profit (Loss) from Investments Accounted for Using Equity Method		3.176	(66.461)
PROFIT BEFORE FINANCING INCOME		**422.040**	**1.098.646**
Finance Income	28	10.353.858	8.056.620
Finance Costs	28	(10.209.810)	(7.456.497)
PROFIT FROM CONTINUING OPERATIONS, BEFORE TAX		**566.088**	**1.698.769**
Tax (Expense) Income, Continuing Operations		542.099	455.184
Current Tax Expense	30	(17.204)	(10.293)
Deferred Tax Income	30	559.303	465.477
PROFIT FROM CONTINUING OPERATIONS		**1.108.187**	**2.153.953**
PROFIT FOR THE PERIOD		**1.108.187**	**2.153.953**
Profit (loss), attributable to			
Non-controlling Interests		251.440	258.466
Owners of Parent	31	856.747	1.895.487
Earnings per 100 share with a Kr 1 of Par Value (TL)	31	**2,55**	**5,65**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income that will not be Reclassified to Profit or Loss		**1.430.022**	**1.658.805**
Gains (Losses) on Revaluation of Property, Plant and Equipment	29	2.681.393	1.877.468
Gains (Losses) on Remeasurements of Defined Benefit Plans		(767.133)	(124.274)
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss		4.047	68.503
Gains (Losses) on Remeasurements of Defined Benefit Plans of Associates and Joint Ventures Accounted for Using Equity Method	29	4.047	68.503
Taxes Relating to Components of Other Comprehensive Income		**(488.285)**	**(162.892)**
Taxes Relating to Gains (Losses) on Revaluation of Property, Plant and Equipment	29	(641.712)	(187.747)
Taxes Relating to Remeasurements of Defined Benefit Plans	29	153.427	24.855
Other Comprehensive Income that will be Reclassified to Profit or Loss		**240.504**	**718.687**
Foreign Exchange Differences on Translation		429.920	526.751
Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets		53.799	(5.559)
Other Comprehensive Income (Loss) Related with Cash Flow Hedges		(327.878)	235.615
Gains (Losses) on Cash Flow Hedges		(327.878)	235.615
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss		29.847	19.672
Gains (Losses) on Exchange Differences on Translation of Investments Accounted for Using Equity Method		29.847	19.672
Taxes Relating to Components of Other Comprehensive Income		**54.816**	**(57.792)**
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets		(10.760)	1.112
Taxes Relating to Cash Flow Hedges		65.576	(58.904)
OTHER COMPREHENSIVE INCOME		**1.670.526**	**2.377.492**
TOTAL COMPREHENSIVE INCOME		**2.778.713**	**4.531.445**
Total Comprehensive Income Attributable to			
Non-controlling Interests		404.660	400.053
Owners of Parent		2.374.053	4.131.392

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Issued Capital	Inflation Adjustments on Capital	Share Premium or Discounts	Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasure-ment of Defined Benefit Plans	Gains (Losses) Revaluations and Remeasurements	Other Accumulated Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	Foreign Exchange Differences on Translation	Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	Gains (Losses) on Remeasur-ing and/or Reclassification of Financial Assets Measured of Fair Value through Other Compressive Income	Gains (Losses) on Revaluation and Reclassification	Other Accumulated Comprehensive Income That Will Be Reclassified To Profit Or Loss	Restricted Reserves Appropriated From Profits	Prior Years' Profits or Losses	Net Profit or Loss	Retained Earnings	Equity attribut-able to owners of parent	Non-controll-ing interests	Equity
Previous Period																				
1 January -31 December 2021																				
Beginning of Period	**335.456**	**688.315**	**98.019**	**2.514.867**	**(65.191)**	**2.449.676**	**2.449.676**	**612.892**	**(43.776)**	**(43.776)**	**11.435**	**11.435**	**580.551**	**67.091**	**1.080.040**	**1.772.599**	**2.852.639**	**7.071.747**	**353.787**	**7.425.534**
Transfers	-	-	-	(109.674)	-	(109.674)	(109.674)	-	-	-	-	-	-	-	1.882.273	(1.772.599)	109.674	-	-	-
Total Comprehensive Income (Loss)	-	-	-	1.758.224	(99.419)	1.658.805	1.658.805	546.423	176.711	176.711	(4.447)	(4.447)	718.687	-	-	1.895.487	1.895.487	4.272.979	400.053	4.673.032
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.895.487	1.895.487	1.895.487	258.466	2.153.953
Other Comprehensive Income (Loss)	-	-	-	1.758.224	(99.419)	1.658.805	1.658.805	546.423	176.711	176.711	(4.447)	(4.447)	718.687	-	-	-	-	2.377.492	141.587	2.519.079
Dividends Paid (Note 8)	-	-	(89.983)	-	-	-	-	-	-	-	-	-	-	195.218	(2.465.969)	-	(2.465.969)	(2.360.734)	(118.671)	(2.479.405)
Transactions with non-controlling shareholders	-	-	(8.036)	(177.766)	4.540	(173.226)	(173.226)	-	-	-	-	-	-	3.180	635.952	-	635.952	457.870	234.630	692.500
End of Period	**335.456**	**688.315**	**-**	**3.985.651**	**(160.070)**	**3.825.581**	**3.825.581**	**1.159.315**	**132.935**	**132.935**	**6.988**	**6.988**	**1.299.238**	**265.489**	**1.132.296**	**1.895.487**	**3.027.783**	**9.441.862**	**869.799**	**10.311.661**
Current Period																				
1 January -31 December 2022																				
Opening Balance	**335.456**	**688.315**	**-**	**3.985.651**	**(160.070)**	**3.825.581**	**3.825.581**	**1.159.315**	**132.935**	**132.935**	**6.988**	**6.988**	**1.299.238**	**265.489**	**1.132.296**	**1.895.487**	**3.027.783**	**9.441.862**	**869.799**	**10.311.661**
Transfers	-	-	-	(136.686)	-	(136.686)	(136.686)	-	-	-	-	-	-	-	2.032.173	(1.895.487)	136.686	-	-	-
Total Comprehensive Income (Loss)	-	-	-	1.824.050	(562.276)	1.261.774	1.261.774	474.541	(262.048)	(262.048)	43.039	43.039	255.532	-	-	856.747	856.747	2.374.053	404.660	2.778.713
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	856.747	856.747	856.747	251.440	1.108.187
Other Comprehensive Income (Loss)	-	-	-	1.824.050	(562.276)	1.261.774	1.261.774	474.541	(262.048)	(262.048)	43.039	43.039	255.532	-	-	-	-	1.517.306	153.220	1.670.526
Dividends Paid (Note 8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(121.963)	(121.963)
Transactions with non-controlling shareholders	-	-	-	(26.657)	1.551	(25.106)	(25.106)	-	(254)	(254)	-	-	(254)	(4.373)	182.962	-	182.962	153.229	72.558	225.787
Closing Balance	**335.456**	**688.315**	**-**	**5.646.358**	**(720.795)**	**4.925.563**	**4.925.563**	**1.633.856**	**(129.367)**	**(129.367)**	**50.027**	**50.027**	**1.554.516**	**261.116**	**3.347.431**	**856.747**	**4.204.178**	**11.969.144**	**1.225.054**	**13.194.198**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
CASH FLOWS FROM OPERATING ACTIVITIES		**38.191**	**1.704.425**
Profit		1.108.187	2.153.953
Profit from Continuing Operations		1.108.187	2.153.953
Adjustments to Reconcile Profit		**480.334**	**(1.376.723)**
Adjustments for Depreciation and Amortisation Expense	14	1.183.557	926.858
Adjustments for Impairment Loss (Reversal of Impairment Loss)		25.162	(16.754)
Adjustments for Impairement Loss (Reversal of Impairment Loss) of Receivables		(25.215)	(29.133)
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	11	50.377	12.379
Adjustments for Provisions		519.193	575.871
Adjustments for (Reversal of) Provisions Related with Employee Benefits	21	141.592	60.098
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	19	13.436	17.879
Adjustments for (Reversal of) Warranty Provisions	19	261.226	182.655
Adjustments for (Reversal of) Other Provisions	19	102.939	315.239
Adjustments for Interest (Income) Expenses		1.278.587	470.509
Adjustments for Interest Income	28	(1.464.332)	(838.238)
Adjustments for Interest Expense	28	2.742.919	1.308.747
Adjustments for Unrealised Foreign Exchange Losses (Gains)		(1.996.316)	(3.239.008)
Adjustments for Fair Value Losses (Gains)		(17.076)	287.345
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(17.076)	287.345
Adjustments for Losses From Investments Accounted for Using Equity Method		(3.176)	66.461
Adjustments for Tax (Income) Expenses	30	(542.099)	(455.184)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		32.502	(21.674)
Adjustments for Losses (Gains) Arised from Sale of Tangible Assets		32.502	(21.674)
Other Adjustments to Reconcile Profit (Loss)		-	28.853

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	1 January - 31 December 2022	1 January - 31 December 2021
Changes in Working Capital		**(1.416.728)**	**989.268**
Decrease (Increase) in Financial Investments		(38.443)	8.127
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(4.279.679)	(1.230.806)
Decrease (Increase) in Trade Accounts Receivables from Related Parties		(26.723)	2.108
Decrease (Increase) in Trade Accounts Receivables from Third Parties		(4.252.956)	(1.232.914)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(462.796)	(372.173)
Decrease (Increase) in Other Third Party Receivables Related with Operations		(462.796)	(372.173)
Adjustments for Decrease (Increase) in Inventories		(3.297.566)	(5.507.240)
Decrease (Increase) in Prepaid Expenses		(152.560)	(679.565)
Adjustments for Increase (Decrease) in Trade Accounts Payable		5.556.762	8.085.727
Increase (Decrease) in Trade Accounts Payables to Related Parties		(21.945)	36.408
Increase (Decrease) in Trade Accounts Payables to Third Parties		5.578.707	8.049.319
Increase (Decrease) in Employee Benefit Liabilities		174.466	33.935
Adjustments for Increase (Decrease) in Other Operating Payables		(7.961)	8.271
Increase (Decrease) in Other Operating Payables to Third Parties		(7.961)	8.271
Increase (Decrease) in Deferred Revenue		838.827	249.733
Other Adjustments for Other Increase (Decrease) in Working Capital		252.222	393.259
Decrease (Increase) in Other Assets Related with Operations		67.615	(101.116)
Increase (Decrease) in Other Payables Related with Operations		184.607	494.375
Cash Flows from Operations		**171.793**	**1.766.498**
Payments Related with Provisions for Employee Benefits	21	(55.941)	(23.457)
Income Taxes Refund (Paid)	30	(77.661)	(38.616)

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	1 January - 31 December 2022	1 January - 31 December 2021
CASH FLOWS FROM USED IN INVESTING ACTIVITIES		**(7.077.207)**	**(1.389.904)**
Proceeds from sales of Shares Without Change in Control of Subsidiaries or Other Businesses		225.787	689.917
Cash Outflows Arising from Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		(515.775)	(91.342)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		53.992	78.599
Proceeds from Sales of Property, Plant and Equipment		53.992	78.599
Purchase of Property, Plant, Equipment and Intangible Assets		(3.677.481)	(1.741.387)
Purchase of Property, Plant and Equipment	14	(2.936.660)	(1.319.126)
Purchase of Intangible Assets	16	(740.821)	(422.261)
Cash Advances and Loans Made to Other Parties		(3.163.730)	(325.691)
Cash Advances and Loans Made to Related Parties		(3.163.730)	(325.691)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**6.255.156**	**(1.585.005)**
Proceeds from Borrowings		24.634.280	12.422.231
Proceeds from Loans	7	23.330.850	11.592.231
Proceeds from issued bonds	7	1.303.430	830.000
Repayments of Borrowings		(16.960.965)	(10.906.481)
Loan Repayments	7	(15.902.015)	(10.856.415)
Issued bonds repayments	7	(1.058.950)	(50.066)
Increase in Other Payables to Related Parties		-	(69.442)
Payments of Lease Liabilities		(81.947)	(150.744)
Dividends Paid		(121.963)	(2.479.405)
Interest Paid		(2.678.581)	(1.239.402)
Interest Received		1.464.332	838.238
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**(783.860)**	**(1.270.484)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	7	247.128	186.909
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(536.732)**	**(1.083.575)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	2.089.121	3.172.696
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5**	**1.552.389**	**2.089.121**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi ("Vestel Elektronik" or "the Company") and its subsidiaries (together "the Group"), mainly produce and sell a range of brown goods and white goods. The Company's head office is located at Levent 199, Büyükdere Caddesi No: 199, 34394 Şişli / Istanbul. The Group's production facilities are located in Manisa Organized Industrial Zone, İzmir Aegean Free Zone, and Russia.

The ultimate controller of the Company is Zorlu Family.

Vestel Elektronik is registered to Capital Market Board ("CMB") and its shares have been quoted to Borsa Istanbul ("BİST") since 1990. As of 31 December 2022, 39,05 % of the Group's shares are publicly traded (2021: 36,3%).

As of 31December 2022 the number of personnel employed at Group is 20.438 (31 December 2021: 19.119).

The Company's subsidiaries and associates are as follows:

Subsidiaries	Country	Nature of operations
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Ticaret A.Ş.	Turkey	Sales
Vestel CIS Ltd.	Russia	Sales
Vestel Electronica SRL	Romania	Sales
Vestel Iberia SL	Spain	Sales
Vestel France SA	France	Sales
Vestel Holland BV	Holland	Sales
Vestel Germany Branch Office	Germany	Sales
Cabot Communications Ltd.	UK	Software
Vestel UK Ltd.	UK	Sales
Vestek Elektronik Araştırma Geliştirme A.Ş.	Turkey	Software
Vestel Trade Ltd.	Russia	Sales
Vestel Electronics Shanghai Trading Co. Ltd.	China	Service
Intertechnika LLC	Russia	Service
Vestel Central Asia LLP	Kazakhstan	Sales
Vestel Ventures Ar-ge A.Ş.	Turkey	Service
Vestel Poland sp. z.o.o.	Poland	Sales
Vestel Electronics Gulf DMC	UAE	Sales
Vestel U.S.A.	USA	Sales

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Cont'd)

Investments accounted for using equity method	Country	Nature of operations
Lentatek Uzay Havacılık ve Teknoloji A.Ş.	Turkey	Production/ Sales
Aydın Yazılım Elektronik ve Sanayi A.Ş.	Turkey	Software
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş	Turkey	Mining
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş	Turkey	Automotive

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Statement of compliance

The accompanying consolidated financial statements are prepared in accordance with the Communiqué Serial II, No: 14.1, "Principals of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Accounting Standards ("TAS") and its addendum and interpretations ("TFRS Interpretations") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") Turkish Accounting Standards Board.

The Group and its subsidiaries operating in Turkey maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The consolidated financial statements, except for land, buildings and land improvements and the financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL.

Consolidated subsidiaries operating in foreign countries have prepared their financial statements in accordance with the laws and regulations of the countries in which they operate with the required adjustments and reclassifications reflected in accordance with CMB Financial Reporting Standards. These financial statements are based on the statutory records which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TFRS.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies" issued by the IASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

In the announcement made by POA on 20 January 2022, companies that apply TFRS should not adjust financial statements for the year ended 31 December 2021 for TAS 29 - Financial Reporting in Hyperinflationary Economies. Afterwards, no new statement was made by the POA about the TAS 29 application and no adjustment was made to the financial statements as of 31 December 2022 in accordance with TAS 29.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.1.2 Currency used

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are prepared and presented in Turkish Lira ("TL"), which is the functional currency of the parent company.

ii) Transactions and balances

Transactions in foreign currencies have been translated into functional currency at the exchange rates prevailing at the date of the transaction. Exchange gains or losses arising from the settlement and translation of monetary assets and liabilities denominated in foreign currency at the exchange rates prevailing at the balance sheet dates are included in consolidated comprehensive income, except for the effective portion of foreign currency hedge of cash flow and net investment which are included under shareholders' equity.

iii) Translation of financial statements of subsidiaries having functional currency other than TL

Assets and liabilities of subsidiaries operating in foreign countries are translated into TL at the exchange rates prevailing at the balance sheet dates. Comprehensive income items of those subsidiaries are translated into TL using average exchange rates for the period (if the average exchange rates for the period do not reasonably reflect the exchange rate fluctuations, transactions are translated using the exchange rates prevailing at the date of the transaction).

Exchange differences arising from using average and balance sheet date rates are included in "currency translation differences" under equity.

2.1.3 Basis of consolidation

The consolidated financial statements include the accounts of the parent and its subsidiaries from the date on which the control is transferred to the Group until the date that the control ceases. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with TFRS by applying uniform accounting policies and presentation.

a) Subsidiaries

The Group has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the entity's returns. On the other hand, the Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In order to be consistent with accounting policies accepted by the Group, accounting policies of the subsidiaries are modified where necessary.

The balance sheet and statement of income of the subsidiaries are consolidated on a line-by-line basis and all material intercompany payable /receivable balances and sales / purchase transactions are eliminated. The carrying value of the investment held by Vestel Elektronik and its subsidiaries is eliminated against the related shareholders' equity.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

a) Subsidiaries (Cont'd)

The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interest" in the consolidated statements of comprehensive income and the consolidated statements of changes in shareholders' equity.

As of the balance sheet date, consolidated companies and the proportion of ownership interest of Vestel Elektronik in these subsidiaries are disclosed in note 3.

Financial assets in which the Group has direct or indirect voting rights equal to or above 50% which are immaterial to the Group financial results or over which a significant influence is not exercised by the Group are carried at cost less any provisions for impairment.

b) Investments in associates

Investments in associates are accounted for by the equity method and are initially recognized at cost. These are entities in which the Group has an interest which is more than 20% and less than 50% of the voting rights or over which a significant influence is exercised. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associates, whereas unrealized losses are eliminated unless they do not address any impairment of the asset transferred. Net increase or decrease in the net asset of associates is included in the consolidated statements of comprehensive income in regards with the Group's share.

The Group ceases to account the associate using the equity method if it loses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. After the Group's interest in the associates becomes nil, additional losses are provided for, and a liability recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses not recognized.

Since Lentatek and Aydın Yazılım has net liability position as of 31 December 2022, carrying value of such investment accounted for by equity method is reduced to zero in the consolidated balance sheets.

The Group's voting rights and effective ownership rates in Lentatek and Aydın Yazılım are

35% and 21%, respectively (31 December 2021: 35%, 21%).

The carrying amounts of the investments accounted for using the equity method are reviewed whether there is any indication of impairment at each reporting date. If such an indicator exists, the recoverable amount of the asset is estimated.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

c) Investments in associates (Cont'd)

The recoverable amount of the investments accounted for using the equity method refers to the higher of value-in-use or fair value less cost to sell. Value-in-use is the present value of future cash flows expected to be generated from an asset or cash generating unit.

If the carrying amount of the investments accounted for using the equity method exceeds the recoverable amount, the impairment is accounted for. Impairments are recognized in profit and loss accounts.

Impairments are recorded in the statement of profit or loss and other comprehensive income. In investments accounted for using the equity method, impairments allocated in previous periods are re-evaluated in each reporting period in the event that impairment decreases or there are indicators that impairment is not valid. Impairment is reversed in case of changes in the estimates used when determining recoverable amount. The increase in the carrying amount of the investments due to the reversal of the impairment loss is accounted in such a way that it does not exceed the carrying amount determined if the impairment loss has not been included in the consolidated financial statements in the previous years.

2.2 Comparatives

Consolidated financial statements of the Group have been prepared comparatively with the preceding financial period, in order to enable determination of trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the consolidated financial statements.

2.3 Changes in accounting policies and accounting estimates and errors

Major changes in accounting policies are applied retrospectively and any major accounting errors that have been detected are corrected and the financial statements of the previous period are restated. Changes in accounting policies resulting from the initial implementation of a new standard, if any, are implemented retrospectively or prospectively in accordance with the transition provisions. If the changes in accounting estimates only apply to one period, then they are applied in the current period in which the change occurred; if the changes also apply to future periods, they are applied in both the period of change and in the future periods, prospectively.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4. Amendments in Turkey Financial Reporting Standards

Standards, amendments, and interpretations applicable as of 31 December 2022:

A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16; effective from annual periods beginning on or after 1 January 2022.

- **Amendments to TFRS 3**, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to TAS 16**, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- **Amendments to TAS 37**, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial Instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022:

- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to TFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendment to TAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5 Summary of significant accounting policies

2.5.1 Revenue recognition

Group recognizes revenue in accordance with IFRS 15 "Revenue from contracts with customers" standard by applying the following five step model:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled.

Revenue from sale of goods is recognized when all the following conditions are satisfied:

a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,

b) Group can identify each party's rights regarding the goods or services to be transferred,

c) Group can identify the payment terms for the goods or services to be transferred,

d) The contract has commercial substance,

e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

Revenue from sale of goods

Group recognizes revenue based on the production and sale of white goods, consumer electronics, air conditioners and home appliance. Revenue is recognized when the control of the goods is transferred to the customer. In addition, Group provides legal warranty commitment to its customers depending on the type of goods and the location of sale between 1-3 years. These legal warranty commitments are mandatory by regulations, have not a separate price apart from the good and are not separately sold. Therefore, they are not treated as a separate good or service apart from the sale of good.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.2 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory. Group uses moving weighted average method for costing.

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period the write-down or loss occurred.

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2.5.3 Property, plant and equipment

Land, land improvements and buildings are stated at fair value less accumulated depreciation, based on valuations performed at 31 December 2022.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset, and the net amount is the revalued amount of the asset.

Property, plant and equipment except for land, land improvements and buildings acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less accumulated amortization and impairment losses, if any.

Any revaluation increase arising on the revaluation of such land, land improvements and buildings is credited in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, land improvements and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued land improvements and buildings is charged to profit or loss.

Each period, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and the depreciation based on the asset's original cost is transferred from revaluation reserves to the retained earnings.

Land is not depreciated. Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Useful lives of property, plant and equipment is as follows:

	Useful life
Land improvements	5 - 35 years
Buildings	10 - 46 years
Leasehold improvements	3 - 10 years
Plant and machinery	2 - 30 years
Motor vehicles	5 - 10 years
Furniture and fixtures	5 - 14 years

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in the related income and expense accounts, as appropriate. On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the retained earnings.

Subsequent costs such as repairs and maintenance or part replacement of plant and equipment are included in the asset's carrying value or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other costs are charged to the statements of comprehensive income during the financial period in which they are incurred.

Leases

The Group – as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset. The Group assess whether:

a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.

b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, if the supplier has a substantive substitution right, the asset is not identified.

c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

Leases (Cont'd)

d) The Group has the right to direct use of the asset, The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:

i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;

ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the incremental borrowing rate of the relevant Group company.

Lease payments included in the measurement of the lease liability comprise the following:

a) Fixed payments, including in-substance fixed payments;

b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.

c) The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewable period if the Company is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Company is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

a) Increasing the carrying amount to reflect interest on lease liability,

b) Reducing the carrying amount to reflect the lease payments made and

c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The duration of the contracts, which constitute the lease obligation of the company, varies between 1 - 20 years.

The Group – as a lessor

The Group's activities as a lessor are not material.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

Right of use assets:

The cost of the right-of-use asset comprises:

a) the amount of the initial measurement of the lease liability,

b) any lease payments made at or before the commencement date, less any lease incentives received,

c) any initial direct costs incurred by the Group

To apply the cost model, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The Group applies the depreciation requirements in TAS16 Property, Plant and Equipment in depreciating the right-of-use asset.

2.5.4 Intangible assets

a) Research and development costs

Research costs are recognized as expense in the period in which they are incurred. Intangible assets arising from development (or from the development phase of an internal project) are recognized as intangible assets when the following criteria are met;

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

In other cases, development costs are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and expensed immediately.

b) Rights and other intangible assets

Rights and other intangible assets consist of acquired computer software, computer software development costs and other identifiable rights. Rights and other intangible assets are recognized at their acquisition costs and are amortized on a straight-line basis over their expected useful lives which are less than fifteen years.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.4 Intangible assets (Cont'd)

c) Rights and other intangible assets (Cont'd)

Useful life of intangible assets is as follows:

	Useful life
Rights	2 - 15 years
Development cost	2 - 10 years
Other	2 - 15 years

d) Goodwill

Goodwill arising on acquisition is the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities recognized. Within the scope of TFRS 3 "Business Combinations", beginning from 1 January 2005 the Group has stopped amortizing goodwill. Goodwill recognized on acquisitions before 31 December 2004 was being amortized until 31 December 2004 on a straight-line basis over their useful lives not to exceed twenty years.

Goodwill is tested for impairment annually or more frequently when there is an indication of impairment. Goodwill arising on acquisitions measured at cost less any impairment losses.

Impairment losses calculated on goodwill cannot be reversed in the statement of income even if the impairment ceases to exist in the following periods. Goodwill is linked to cash generating units during the impairment test.

In case the consideration transferred in a business combination includes any contingent considerations, the Group recognizes the acquisition date fair value of the contingent consideration as part of the consideration transferred. During the measurement period, contingent considerations recognized at the acquisition date fair value are retrospectively adjusted when necessary. The measurement period is the period after the acquisition date during which the acquirer may adjust the provisional amounts recognized for a business combination. This period shall not exceed one year from the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.5 Financial instruments

a) Financial assets

The Group classifies its financial assets into the following specified categories: financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and financialassets measured at fair value through other compressive income. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost.

The Group's financial assets carried at amortized cost comprise "trade receivables", "other assets" and "cash and cash equivalents" in the statement of financial position.

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision to the trade receivables as a result of a specific event, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected loss is performed based on the past experience of the Group and its expectations for the future indications.

Financial assets measured at fair value

Assets that are held by the Group for collection of contractual cash flows and for selling the financial assets are measured at their fair value.

Impairment of financial assets

Impairment of the financial and contractual assets measured by using "Expected credit loss model". The impairment model applies for amortized financial and contractual assets.

b) Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

c) Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The derivative instruments of the Group mainly consist of foreign exchange forward contracts. These derivative transactions, even though providing effective economic hedges under risk accounting, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the financial statements. The fair value changes for these derivatives are recognised in the consolidated profit or loss statement.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

c) Derivative financial instruments and hedge accounting (Cont'd)

The hedging transactions of the Group that qualify for hedge accounting are accounted regarding to TFRS 9. As TFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of TFRS 9 will not have a significant impact on Group's financial statements.

Cash flow hedges:

As long as a cash flow hedge meets the qualifying criteria, the hedging relationship shall be accounted for as follows:

(a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):

(i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and

(ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

(b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income.

(c) any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognised in profit or loss.

2.5.6 Foreign currency transactions

Transactions in foreign currencies during the period are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary items denominated in foreign currencies are translated to TL at the rates prevailing on the balance sheet date. Exchange differences on foreign currency denominated monetary assets and liabilities are recognized in profit or loss in the period in which they arise except for the effective portion of the foreign currency hedge of net investments in foreign operations. Monetary items which are denominated in foreign currency and measured with historical costs are translated using the exchange rates at the dates of initial transactions.

Foreign currency transactions during the period are recorded at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currency in the balance sheet are translated into TL using the exchange rates prevailing in balance sheet date.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period. Exchange differences arising are recognized in other comprehensive income and in equity.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.7 Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

2.5.8 Warranty and assembly expenses provision

Warranty expenses include repair and maintenance expenses of products sold and labor and material costs of authorized services for products under the scope of warranty terms without any charge to the customers. Based on estimations using past statistical information, warranty expense provision is recognized for the products sold with warranty terms in the period, for possible repair and maintenance expenses to be incurred during the warranty period.

Based on estimations using past statistical information, assembly expenses provision is recognized for products sold during the period but not yet installed in the sites of the end customers, against the cost of free of charge installments.

2.5.9 Related parties

Shareholders, key management personnel and board members, their close family members and companies controlled, jointly controlled or significantly influenced by them and Zorlu Holding Group companies are considered and referred to as related parties.

2.5.10 Taxation on income

Tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items directly recognized in equity. In that case, tax is recognized in shareholders' equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Investment incentives that are conducive to payment of corporate taxes at reduced rates are subject to deferred tax calculation when there is reasonable assurance that the Group will benefit from the related incentive.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.10 Taxation on income (Cont'd)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.5.11 Employee benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one-year service. Employment termination benefits are considered as being part of defined retirement benefit plan as per TAS 19. All actuarial gains and losses are recognized in consolidated statements of income.

The effects of the significant forecasts used in employment termination benefits provision calculations have been recognized as actuarial gains and losses and they have been explained in the relevant note.

2.5.12 Government grants

Government grants, including non-monetary grants at fair value, are recognized in consolidated financial statements when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grants will be received.

Incentives for research and development activities are recognized in consolidated financial statements when they are authorized by the related institutions.

2.5.13 Earnings per share

Earnings per share disclosed in the consolidated statement of income is determined by dividing consolidated net income attributable to equity holder of the parent by the weighted average number of such shares outstanding during the year concerned.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.14 Statement of cash flows

In the consolidated statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Group's production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and equipment and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. Cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

2.5.15 Segment reporting

Operating segments are identified on the same basis as financial information is reported internally to the Group's chief operating decision maker. The Group Board of Directors has been identified as the Group's chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategical decisions.

The Group management evaluates the operational results at industrial and geographical level. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses.

Group's operations are reported under three industrial segments:

- Television and electronic devices
- White goods
- Other

Group's operations are reported under three geographical segments:

- Turkey
- Europe
- Other

2.5.16 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5.17 Events after the balance sheet date

Events after the balance sheet date, announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when balance sheet was authorized for issue.

In the case that events require a correction to be made occur subsequent to the balance sheet date, the Group makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

2.5.18 Going Concern

The Group prepared consolidated financial statements in accordance with the going concern assumption.

2.5.19 Trade payables

Trade payables are recognized at their fair values.

2.5.20 Borrowings and borrowing costs

Borrowings are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income as finance cost over the period of the borrowings. Borrowing costs are expensed as incurred. If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which (at least a period of one year) are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

2.6. Critical accounting estimates and judgments

Preparation of consolidated financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although these estimates and assumptions rely on the Group management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6. Critical accounting estimates and judgments (Cont'd)

Significant estimates of the Group management are as follows:

i. Revaluation of land, buildings and land improvements:

Land, land improvements and buildings are stated at fair value, based on valuations performed as at 31 December 2022 (Note 14).

As there were no recent similar buying/selling transactions nearby, revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach and based on the following valuation techniques and assumptions:

- Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach, considering existing utilization of the aforementioned land, building and land improvements are consistent to the highest and best use approach.
- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m^2 sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.
- In the cost approach method, fair value of the buildings and land improvements was calculated by considering depreciation on the re-construction costs. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, the Group performs impairment assessment for buildings and land improvements of which valuations are based on cost approach, accordance with the TAS36 "Impairment of Assets", and no impairment indicator is identified.

ii. Impairment tests of investments accounted for using the equity method

As stated in the accounting policies in Note 2.1.3.b, if there is an indicator of impairment related to the carrying amount of investments accounted for using the equity method, such investments are subjected to impairment tests.

The impairment test is performed by comparing the carrying amounts of the calculated cash flows with the recoverable amount calculated with the value-in-use of the investment. Significant estimates and assumptions used in determining the cash flows and their sensitivity analysis are presented in Note 13. As of 31 December 2022, no impairment was identified as a result of the impairment tests performed (Note 13).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 3 – INTERESTS IN OTHER ENTITIES

Subsidiaries:

As of 31 December 2022, and 31 December 2021 the Group's major subsidiaries are as follows:

	31 December 2022		31 December 2021	
Consolidated subsidiaries	**Voting rights**	**Effective ownership**	**Voting rights**	**Effective ownership**
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (*)	80,66	80,66	82,53	82,53
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	100	100	100	100
Vestel Ticaret A.Ş.	100	100	100	100
Vestel CIS Ltd.	100	100	100	100
Vestel Iberia SL	100	100	100	100
Vestel France SA	100	100	100	100
Vestel Holland BV	100	100	100	100
Vestel Germany GmbH (**)	100	100	100	100
Cabot Communications Ltd.	90,80	90,80	90,80	90,80
Vestel UK Ltd.	100	100	100	100
Vestek Elektronik Araştırma Geliştirme A.Ş.	100	100	100	100
Vestel Trade Ltd.	100	100	100	100
Intertechnika LLC	99,90	99,90	99,90	99,90
Vestel Central Asia LLP	100	100	100	100
Vestel Poland sp. z.o.o. (***)	100	100	100	100
Vestel Electronics Gulf DMC	100	100	100	100
Vestel Electronics Shanghai Trading Co. Ltd.	100	100	100	100
Vestel Electronica SRL	100	100	100	100
Vestel USA	100	100	-	-

(*) Vestel Elektronik Sanayi ve Ticaret A.Ş. sold 30,000,000 shares on 20 September 2022 on Borsa Istanbul. Following the transaction, Vestel Elektronik Sanayi ve Ticaret A.Ş.'s share in Vestel Beyaz Eşya declined to 80.66%.

(**) Within the scope of the restructuring of sales and marketing companies abroad, Vestel Germany GmbH, which is based in Germany and wholly owned by Vestel Ticaret AŞ (Vestel Ticaret), a fully owned subsidiary of Vestel Elektronik Sanayi ve Ticaret AŞ (Vestel Elektronik), has been merged into Vestel Holland B.V., another wholly owned subsidiary of Vestel Ticaret. With the merger, all assets, liabilities and operations of Vestel Germany GmbH have been transferred to Vestel Holland B.V. Germany Branch Office, which is established in Germany by Vestel Holland B.V. The merger took place as of 31 December 2022.

(***) See Note 35.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 3 – INTERESTS IN OTHER ENTITIES (Cont'd)

Subsidiaries (Cont'd):

Financial information of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. which is not wholly owned by the Group and has significant non-controlling interests is as follows.

	31 December 2022	31 December 2021
Accumulated non-controlling interests	1.230.213	874.958
Comprehensive income attributable to non-controlling interests	404.660	400.053

The financial statements of the subsidiary is adjusted to include the effects of revaluation of land, buildings and land improvements in accordance with the Group's accounting policies applied in preparation of the consolidated financial statements.

Condensed balance sheet:

	31 December 2022	31 December 2021
Current assets	17.009.204	10.120.625
Non-current assets	8.521.158	4.068.788
Current liabilities	(18.428.441)	(8.562.036)
Non-current liabilities	(782.505)	(734.722)
Net assets	**6.319.416**	**4.892.655**

Condensed statement of comprehensive income:

	1 January - 31 December 2022	1 January - 31 December 2021
Net sales	31.386.969	16.178.009
Income / (loss) before tax	1.101.062	1.216.852
Tax benefit / (expense)	323.404	301.740
Net income / (loss) for the period	1.424.466	1.518.592
Total comprehensive income	2.125.071	2.330.890

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 3 – INTERESTS IN OTHER ENTITIES (Cont'd)

Subsidiaries (Cont'd):

Condensed statement of cash flows:

	1 January - 31 December 2022	1 January - 31 December 2021
Operating activities:		
Changes in working capital	(453.568)	(745.422)
Net cash provided by operating activities	**2.040.272**	**1.560.550**
Investing activities:		
Net cash used in investing activities	**(4.122.908)**	**(1.502.381)**
Financing activities:		
Proceeds from bank borrowings	5.508.811	1.299.022
Repayment of bank borrowings	(1.314.260)	(1.835.329)
Dividends paid	(698.310)	(800.000)
Net cash (used in) / provided by financing activities	**2.548.574**	**(132.490)**
Cash and cash equivalents at the beginning of the period	112.815	187.136
Cash and cash equivalents at the end of the period	578.753	112.815

The financial information of Group's 50% associate META which is accounted for using the equity method, is disclosed in note 13.

Other financial information of Company's subsidiaries are not presented on the grounds of materiality.

NOTE 4 - SEGMENT REPORTING

Operating segments are identified on the same basis as financial information is reported internally to the Group's chief operating decision maker. The Group Board of Directors has been identified as the Group's chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategical decisions.

Considering the fact that the Group's risks and rate of returns are dissimilar between product types and between geographical areas, The Group management uses industrial segments as primary reporting format and geographical segments as secondary reporting format.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Cont'd)

Industrial segments

	Television and electronic devices	White goods	Total
1 January -31 December 2022			
Revenue	21.853.223	36.520.626	58.373.849
Cost of sales	(16.716.341)	(27.975.474)	(44.691.815)
Gross profit	**5.136.882**	**8.545.152**	**13.682.034**
Depreciation and amortization	**531.392**	**652.165**	**1.183.557**
1 January -31 December 2021			
Revenue	13.061.150	19.444.685	32.505.835
Cost of sales	(10.152.213)	(13.334.808)	(23.487.021)
Gross profit	**2.908.937**	**6.109.877**	**9.018.814**
Depreciation and amortization	**420.666**	**506.192**	**926.858**

Capital expenditure

	Television and electronical devices	White goods	Total
1 January -31 December 2022	893.924	2.783.557	3.677.481
1 January -31 December 2021	960.390	780.997	1.741.387

Geographical segments:

Segment revenue	1 January - 31 December 2022	1 January - 31 December 2021
Turkey	19.240.316	8.601.572
Europe	34.284.905	22.292.037
Other	8.722.209	3.650.291
Gross segment sales	**62.247.430**	**34.543.900**
Discounts (-)	(3.873.581)	(2.038.065)
Net sales	**58.373.849**	**32.505.835**

The amount of export for the period 1 January - 31 December 2022 is TL 43.007.115 (1 January - 31 December 2021: TL 25.942.328). Export sales are denominated in EUR, USD and other currencies as 68,7%, 25,3%, and 6% of total exports respectively. (1 January – 31 December 2021: 63,3% EUR, 28% USD, 8,7% other)

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash	3.148	2.188
Bank deposits		
- Demand deposits	*1.217.107*	*1.410.170*
- Time deposits	*214.747*	*550.795*
Cheques and notes	45.029	39.794
Other	72.358	86.174
	1.552.389	**2.089.121**
Blocked deposits	22	22
Cash and cash equivalents	**1.552.411**	**2.089.143**

Effective interest rates

	31 December 2022	31 December 2021
EUR	0,01%	0,07%
TL	18,00%	21,13%
USD	0,04%	0,23%
KZT	-	7,00%
RUB	4,50%	6,35%

The Group has has time deposits amounting to USD 1.003 thousand, TL 96.696 thousand, EUR 4.200 thousand and RUB 60.000 (31 December 2021: USD 1.000 thousand, TL 459.171 thousand, EUR 5.167 thousand, KZT 500 thousand, and RUB 16.000). As of 31 December 2022, and 31 December 2021 the Group's time deposits have an average maturity of less than 3 months.

See Note 33 for the foreign currency details of the Group's demand deposits.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 6 – FINANCIAL ASSETS

		Ownership		Amount	
	Country	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Financial assets measured at fair value through other comprehensive income:					
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	< 1%	< 1%	70.400	16.601
İzmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	11	11
Other	Turkey	-	-	200	200
				70.611	**16.812**

		Ownership		Amount	
Non-consolidated subsidiaries on the grands of materiality:	Country	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Vestel Ventures Ar-ge A.Ş.	Turkey	100%	100%	56.273	56.273
				56.273	**56.273**

NOTE 7 – FINANCIAL LIABILITIES

	31 December 2022	31 December 2021
Short term financial liabilities		
Short term bank loans	17.668.289	4.344.893
Short term portion of long term bank loans	1.396.941	6.014.337
Short term portion of long term lease liabilities	140.069	74.857
Short term issued bonds (*)	1.139.204	637.817
	20.344.503	**11.071.904**
Long term financial liabilities		
Long term bank loans	693.877	628.475
Long term lease liabilities	397.326	151.747
Long term issued bonds	-	265.000
	1.091.203	**1.045.222**

(*) The sales of corporate bonds to the qualified investors amounting to TL 265.000 on 9 June 2021 with maturity of 728 days; TL 160.860 9 March 2022 with the maturity of 399 days; TL 30.000 on 1 August 2022 with the maturity of 389 days; TL 214.000 on 25 August 2022 with the maturity of 153 days; TL 61.000 on 25 August 2022 with the maturity of 365 days; TL 394.000 on 2 December 2022 with the maturity of 174 days has been completed.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 7 – FINANCIAL LIABILITIES (Cont'd)

Principle payment of the bond which has been sold as of 9 July 2020 with the amount of 50.380 has been done on 7 July 2022, principle payment of the bond which has been sold as of 19 February 2021 with the amount of TL 400.000 has been done on March 9 2022, principle payment of the bond which has been sold as of 30 July 2021 with the amount of TL 165.000 has been done on 1 August 2022, principle payment of the bond which has been sold as of 9 March 2022 with the amount of TL 109.570 has been done on 25 August 2022, principle payment of the bond which has been sold as of 1 August 2022 with the amount of TL 334.000 has been done on 2 December 2022.

Details of the Group's short term bank loans are given below:

	31 December 2022			31 December 2021		
Currency	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**
- USD	8,27%	235.849	4.417.923	3,71%	130.232	1.690.085
- EUR	8,75%	64.505	1.288.216	3,74%	16.636	244.259
- TL	16,75%	11.778.618	11.778.618	24,97%	2.410.549	2.410.549
- CNY	4,55%	68.467	183.532	0,00%	-	-
			17.668.289			**4.344.893**

Details of the Group's long term bank loans are given below:

	31 December 2022			31 December 2021		
Currency	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**	**Weighted average of effective interest rates per annum**	**Original currency**	**TL Equivalent**
- USD	6,74%	13.104	245.464	3,54%	257.296	3.339.065
- EUR	5,37%	20.097	401.353	4,36%	38.620	567.025
- TL	14,82%	750.124	750.124	16,12%	2.108.247	2.108.247
Short term portion			**1.396.941**			**6.014.337**
- USD	8,18%	36.142	677.012	5,97%	23.342	302.916
- EUR	0,00%	-	-	3,00%	19.455	285.645
- TL	15,00%	16.865	16.865	12,31%	39.914	39.914
Long term portion			**693.877**			**628.475**
			2.090.818			**6.642.812**

Total amount of Group's floating bank loans is amounting to TL 10.401.240 (31 December 2021: TL 5.780.170).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 7 – FINANCIAL LIABILITIES (Cont'd)

The maturity schedule of Group's long term bank loans is given below:

	31 December 2022	31 December 2021
One to two years	454.791	384.289
Two to three years	239.086	244.186
	693.877	**628.475**

The analysis of Group's bank loans in terms of periods remaining to contractual re-pricing dates is as follows:

	31 December 2022	31 December 2021
3 months or less	3.740.153	783.064
Between 3-6 months	2.690.124	17.619
Between 6-12 months	3.174.415	4.332.324
1 year or more	796.548	647.163
	10.401.240	**5.780.170**

Guarantees given for the bank loans are presented in Note 19.

Fair values of short-term bank borrowings are considered to approximate their carrying values due to immateriality of discounting. Fair values are determined using average effective annual interest rates. Long term bank borrowings are stated at amortized cost using effective interest rate method and their fair values are considered to approximate their carrying values since loans usually have a re-pricing period of six months.

As of 31 December 2022, and 31 December 2021, the Group's net financial debt reconciliation is shown below:

	31 December 2022	31 December 2021
Net financial debt as of 1 January	**10.028.005**	**5.641.966**
Cash inflows from loans and issued bonds	24.634.280	12.422.231
Cash outflows from loan payments and issued bonds	(16.960.965)	(10.856.415)
Payments of lease liabilities	(351.018)	(12.789)
Unrealized Fx gain/loss	1.229.909	1.761.620
Accrued interest	766.374	(12.183)
Change in cash and cash equivalents	536.732	1.083.575
Net financial debt at the end of the period	**19.883.317**	**10.028.005**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 8 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	31 December 2022	31 December 2021
Korteks Mensucat Sanayi ve Ticaret A.Ş. (1)	8.790	5.907
Linens Pazarlama A.Ş. (1)	-	4.130
Other related parties	32.066	4.096
	40.856	**14.133**

b) Short term trade payables to related parties

	31 December 2022	31 December 2021
ABH Turizm Temsilcilik ve Ticaret A.Ş. (1)	11.377	525
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (3)	11	62.383
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. (1)	-	308
Zorlu Air Havacılık A.Ş. (1)	963	1.287
Zorlu Holding A.Ş. (2)	13.790	-
Other related parties	17.923	1.506
	44.064	**66.009**

c) Other short term receivables from related parties

	31 December 2022	31 December 2021
Vestel Ventures A.Ş (3)	744.432	390.294
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (3)	607.814	457.981
	1.352.246	**848.275**

As of 31 December 2022, the annual average effective interest rate of other receivables in TL is 25%. and in USD is 7%. (31 December 2021: USD 7%, TL 20%).

d) Other long term receivables from related parties

	31 December 2022	31 December 2021
Zorlu Holding A.Ş. (2)	6.461.918	4.418.094
Lentatek Uzay Havacılık ve Teknoloji A.Ş. (3)	5.674.420	4.020.204
Meta Nikel Kobalt Madencilik Sanayi Ve Ticaret A. Ş. (3)	4.281.819	2.279.484
	16.418.157	**10.717.782**

As of 31 December 2022, the annual average effective interest rate of other receivables in TL is 25% and in USD is 7%. (31 December 2021: USD 7%, TL 20%).

(1) Zorlu Holding Group Company, (2) Parent (3) Subsidiary

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)

e) Lease liabilities to related parties

	31 December 2022	31 December 2021
Zorlu Gayrimenkul Geliştirme ve Yatırım A.Ş.[1]	9.447	19.555
Zorlu Yapı Yatırım A.Ş.[1]	1.229	2.544
	10.676	**22.099**

f) Prepaid expenses to related parties

	31 December 2022	31 December 2021
Zorlu Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. (1)	198.203	-
	198.203	**-**

g) Transactions with related parties

	1 January - 31 December 2022	1 January - 31 December 2021
Sales		
Zorlu Enerji Elektrik Üretim A.Ş. [1]	222.847	28
ZES Dijital Ticaret A.Ş. [1]	65.324	12.474
Rotor Elektrik Üretim A.Ş. [1]	56.887	11
Zorluteks Tekstil Sanayi ve Ticaret A.Ş. [1]	64	4.686
Other related parties	80.981	4.848
	426.103	**22.047**

	1 January - 31 December 2022	1 January - 31 December 2021
Operating expenses		
Zorlu Holding A.Ş. [2]	158.417	88.434
ABH Turizm Temsilcilik ve Ticaret A.Ş. [1]	112.732	9.764
Zorlu Gayrimenkul Gel. ve Yat. A.Ş. [1]	17.921	13.925
Zorlu Air Havacılık A.Ş. [1]	10.022	7.017
Other related parties	73.493	27.727
	372.585	**146.867**

(1) Zorlu Holding Group Company, (2) Parent (3) Subsidiary

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)

g) Transactions with related parties (Cont'd)

	1 January - 31 December 2022	1 January - 31 December 2021
Other income from operating activities		
Other related parties	**8.613**	**10.629**
Other expense from operating activities		
Other related parties	**21.186**	**56.615**

	1 January - 31 December 2022	1 January - 31 December 2021
Financial income		
Zorlu Holding A.Ş. [(2)]	2.381.318	2.548.296
Lentatek Uzay Havacılık ve Teknoloji A.Ş. [(3)]	2.198.000	1.361.665
Z.F.S. Financial Services Ireland [(1)]	1.209.289	954.628
Other related parties	256.399	136.039
	6.045.006	**5.000.628**

Financial expense	1 January - 31 December 2022	1 January - 31 December 2021
Other related parties	602	6.470
	602	**6.470**

	1 January - 31 December 2022	1 January - 31 December 2021
Dividend payment to non-controlling interests	**121.963**	**118.671**

(1) Zorlu Holding Group Company, (2) Parent (3) Subsidiary

h) Guarantees received from and given to related parties are disclosed in note 19.

i) Compensation paid to key management including directors, the Chairman and members of Board of Directors, general managers and assistant general managers

Compensation paid to key management for the year ended 31 December 2022 is TL 69.543 (1 January - 31 December 2021: TL 66.081).

j) Financial income from related parties result from interest income from financial liabilities.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 9 – TRADE RECEIVABLES AND PAYABLES

	31 December 2022	31 December 2021
Short term trade receivables		
Trade receivables		
- Related parties (note 8)	*40.856*	*14.133*
- Other parties	*9.766.217*	*6.261.868*
Cheques and notes receivables	1.304.931	419.144
Other	117.122	182.635
	11.229.126	6.877.780
Unearned interest expense (-)		
- Other parties	*(100.618)*	*(29.351)*
Allowance for doubtful receivables (-)	(154.598)	(174.147)
Total short term trade receivables	**10.973.910**	**6.674.282**
Long term trade receivables		
Cheques and notes receivables	67	467
Total long term trade receivables	**67**	**467**

	31 December 2022	31 December 2021
Short term trade payables		
Trade payables		
- Related parties (note 8)	*44.064*	*66.009*
- Other parties	*21.595.766*	*15.980.631*
Other	4.925	4.214
	21.644.755	16.050.854
Unearned interest income (-)		
- Other parties	*(63.278)*	*(24.265)*
Total short term trade payables	**21.581.477**	**16.026.589**
Long term trade payables		
Trade payables		
- Other parties	*182.877*	*181.003*
Total long term trade payables	**182.877**	**181.003**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 10 – OTHER RECEIVABLES

	31 December 2022	31 December 2021
Short term other receivables		
Receivables from public institutions	1.001.378	497.333
Receivables from related parties (note 8)	1.352.246	848.275
Deposits and guarantees given	165.120	109.241
Other	91.302	95.842
	2.610.046	**1.550.691**
Allowance for doubtful receivables (-)	(89.623)	(89.670)
	2.520.423	**1.461.021**
Long term other receivables		
Deposits and guarantees given	33.447	24.281
Receivables from related parties (note 8)	16.418.157	10.717.782
Other	8.416	110.170
	16.460.020	10.852.233
Allowance for doubtful receivables (-)	(8.278)	(8.278)
	16.451.742	**10.843.955**
Short term other payables		
Other payables		
- Related parties	*2.791*	*10.752*
	2.791	**10.752**
Deferred revenue		
- Other parties	1.252.820	413.993
	1.252.820	**413.993**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 11 – INVENTORIES

	31 December 2022	31 December 2021
Raw materials	6.128.682	4.590.704
Work in process	374.961	226.636
Finished goods	5.732.317	4.507.882
Merchandise	652.625	294.319
Other	37.097	8.575
	12.925.682	9.628.116
Provision for impairment on inventories (-)	(172.608)	(99.413)
	12.753.074	**9.528.703**

Cost of the inventory included in the consolidated statement of comprehensive income in the period 1 January – 31 December 2022 is TL 39.367.967 (2021: TL 20.632.944).

As of 31 December 2022, the Group does not have inventories pledged as security for liabilities (31 December 2021: None)

Allocation of provision for impairment on inventories in terms of inventory type is as follows:

	31 December 2022	31 December 2021
Raw materials	124.884	42.101
Finished goods and merchandise	47.724	57.312
	172.608	**99.413**

Movement of provision for impairment on inventories is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance, 1 January	**99.413**	**59.407**
Current year additions	95.036	25.679
Realised due to sale of inventory	(44.659)	(13.300)
Currency translation differences	22.818	27.627
Balance at 31 December	**172.608**	**99.413**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 12 – PREPAID EXPENSES

	31 December 2022	31 December 2021
Prepaid expenses in current assets		
Order advances given	380.694	461.085
Prepaid expenses	214.539	146.616
Business advances given	4.788	4.016
	600.021	**611.717**
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	375.631	261.847
Prepaid expenses	13.162	109.467
	388.793	**371.314**

NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 December 2022		31 December 2021	
	%	Amount	%	Amount
Investment in associates				
Meta Nikel Kobalt Madencilik San. ve Tic. A.Ş.	50%	817.503	50%	740.287
Türkiyenin Otomobil Girişim Grubu Sanayi ve Ticaret A.Ş.	23%	1.153.117	23%	666.525
		1.970.620		**1.406.812**

Pursuant to the Group's goal to diversify its lines of business and achieve profitable growth by investing in new-generation technologies, the Group has purchased 916.335.000 shares (each with a nominal value of TL 1 and representing 50% of the Group's share capital) of Meta Nikel Kobalt Madencilik Sanayi ve Ticaret A.Ş. ("META"), which is a Zorlu Holding A.Ş. subsidiary and is involved in nickel-cobalt mining, from Ahmet Nazif Zorlu, Olgun Zorlu, Mehmet Emre Zorlu, Selen Zorlu Melik, Meta Madencilik Enerji Turizm Danışmanlık Sanayi ve Ticaret A.Ş. and Zorlu Holding AŞ, for a total consideration of US$250 mn (TL 1.152.075) in order to secure the supply of nickel sulphate and cobalt sulphate compounds, which are critical raw materials for the production of EV batteries. The acquisition value is in accordance with the valuation range of US$447,2 million and US$572 million stated in the independent appraisal report dated 29 June 2018 and prepared by Ernst & Young Advisory Services, which is licensed by the Capital Markets Board.

META was founded in 2000 to undertake nickel mining in Turkey, has been operating under Zorlu Group since 2007. The Group's nickel cobalt mining facility in Gördes, Manisa was commissioned at the end of 2014. The facility has a production capacity of 10.000 tons of nickel content and 550 tons of cobalt content per annum. Besides Gördes, META also has a licensed field in Eskişehir and undertakes surveying activities in various regions of Turkey. Currently, META produces nickel-cobalt hydroxide (MHP), which is an intermediate product, and plans to undertake an investment for the production of nickel sulfate and cobalt corbonat compounds, which are critical for Li-ion battery production in the upcoming period.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)

Within the framework of Turkey's Automobile Project, following the work undertaken by the Joint Initiative Group, to which Group's controlling shareholder, Zorlu Holding AŞ was a party, Vestel Elektronik Sanayi ve Ticaret AŞ decided has participated with 19% share in "Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.", which is planned to be established to produce mainly electric passenger cars and carry out supporting activities. In this respect, the Shareholders Agreement and Articles of Association have been signed on 31 May 2018. Establishment of the new Group is completed on 28 June 2018.

Within the scope of the decision taken at the Annual General Meeting of TOGG which was held on 31 May 2021, the Group's stake in TOGG has reached to 23%.

The Group's voting rights and effective ownership rates in Lentatek and Aydın Yazılım are 35% and 21% respectively (31 December 2021: 35%, 21%).

The movements of META, which is an investment accounted for using the equity method during the period 1 January – 31 December 2022 and 2021 is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Balance at 1 January	**740.287**	**808.203**
Shares from profit / loss	43.322	(156.091)
Shares from other comprehensive income / expense	33.894	88.175
Balance at 31 December	**817.503**	**740.287**

Summary financial statement information of META is as follows:

	31 December 2022	31 December 2021
Total Assets	12.312.082	7.704.020
Total Liabilities	(12.020.507)	(7.558.781)
Net assets	**291.575**	**145.239**

	1 January - 31 December 2022	1 January - 31 December 2021
Net sales	2.252.089	884.604
Income / (loss) before tax	(485.487)	(124.623)
Tax benefit / (expense)	572.131	(187.558)
Net income / (loss) for the period	86.644	(312.181)
Total comprehensive loss	146.338	(135.831)

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 13 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)

Impairment test of investments accounted for using the equity method:

As stated in the accounting policies in Note 2.1.3.b, on the grounds of materiality, the Group has subjected META to impairment testing in accordance with the provisions of TAS 36 "Impairment of Assets", which is accounted for using the equity method. The recoverable amount was determined based on discounted cash flow analysis prepared on the basis of the mine resources of META in licensed mine areas in Gördes and the future investments.

As a result of impairment tests, no impairment was identified related to META as of 31 December 2022 (2021: None).

The sensitivity analysis performed for the estimates and assumptions used in determining the cash flows is as follows:

Sensitivity analysis:

Sensitivity scenarios are analyzed by comparing base scenario to the scenarios where significant assumptions used in impairment tests show negative deviations in defined percentages. In the related sensitivity analyzes performed as of 31 December 2022, the deviations of the recoverable amount compared to the carrying amount including goodwill are summarized in the table below:

Sensitivity analysis	**Percentage of META's carrying amount in financials**
1% increase in discount rate	347%
10% decrease in nickel prices	244%
10% decrease in cobalt carbonat prices	356%
10% decrease in metal equivalent mine resource amount	351%

In accordance with the loan agreement of Meta Nikel as amended on 23 August 2020:

- Pursuant to the Commercial Enterprise Pledge Agreement, a first-degree pledge amounting to TL 3.000.000 thousand is placed on behalf of creditors Meta Nikel's assets indefinitely and the pledge will be valid until Meta Nikel is canceled the pledge after the payment of the mentioned loans.
- In accordance with the Mining License Mortgage Agreement a top limit mining license first degree mortgage amounting to USD 420,000 thousand is established.
- Pursuant to the share pledge agreement, first degree pledge was established on all shares representing 100% of Meta Nikel's share capital, including all shares to be issued by Meta Nikel.
- In accordance with the Transfer of Receivables Agreement, Vestel Elektronik, Zorlu Holding and Zorlu Dış Ticaret are the Successor Creditors in the collection of receivables from Meta Nikel in order to establish a permanent guarantee of the performance of the debts of Meta Nikel resulting from the loan agreement subject to collateral.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2022	Additions	Disposals	Currency translation differences	Transfers	Net off Accumulated Depreciation Before Revaluation	Fair value increase	31 December 2022
Cost or revaluation								
Land	1.724.691	-	-	12.783	-	-	1.457.051	3.194.525
Land improvements	213.477	95	-	30.385	325	(15.518)	49.129	277.893
Buildings	3.667.374	14.533	(2.520)	419.899	34.029	(155.339)	1.175.213	5.153.189
Leasehold improvements	191.722	57.786	(4)	1.100	5.089	-	-	255.693
Plant and machinery	4.589.149	845.556	(28.671)	84.123	377.133	-	-	5.867.290
Motor vehicles	9.541	2.876	(466)	637	-	-	-	12.588
Furniture and fixtures	566.821	208.722	(1.896)	16.802	15.635	-	-	806.084
Other tangible assets	849	-	-	-	-	-	-	849
Construction in progress (*)	82.132	1.807.092	(2.024)	319	(432.211)	-	-	1.455.308
	11.045.756	**2.936.660**	**(35.581)**	**566.048**	**-**	**(170.857)**	**2.681.393**	**17.023.419**
Accumulated depreciation								
Land improvements	2.585	2.086	-	29.395	-	(15.518)	-	18.548
Buildings	169.092	219.907	(10)	24.580	-	(155.339)	-	258.230
Leasehold improvements	187.612	10.225	(4)	1.199	-	-	-	199.032
Plant and machinery	2.760.215	573.003	(27.437)	175.122	-	-	-	3.480.903
Motor vehicles	2.604	2.614	(458)	5.237	-	-	-	9.997
Furniture and fixtures	495.809	30.459	(1.701)	580	-	-	-	525.147
Other tangible assets	849	-	-	-	-	-	-	849
	3.618.766	**838.294**	**(29.610)**	**236.113**	**-**	**(170.857)**	**-**	**4.492.706**
Net book value	**7.426.990**							**12.530.713**

*Substantial part of construction in progress consists of new dish washer factory investment.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	1 January 2021	Additions	Disposals	Currency translation differences	Transfers	Fair value increase	31 December 2021
Cost or revaluation							
Land	1.145.890	-	-	17.267	-	561.534	1.724.691
Land improvements	142.770	-	-	12.537	17	58.153	213.477
Buildings	2.372.070	-	(2.184)	30.232	9.475	1.257.781	3.667.374
Leasehold improvements	168.269	17.530	(4)	4.750	1.177	-	191.722
Plant and machinery	3.382.776	1.038.933	(82.342)	117.491	132.291	-	4.589.149
Motor vehicles	7.950	1.077	(26)	602	(62)	-	9.541
Furniture and fixtures	477.660	65.833	(3.325)	17.869	8.784	-	566.821
Other tangible assets	849	-	-	-	-	-	849
Construction in progress	38.064	195.753	(3)	-	(151.682)	-	82.132
	7.736.298	**1.319.126**	**(87.884)**	**200.748**	**-**	**1.877.468**	**11.045.756**
Accumulated depreciation							
Land improvements	-	2.280	-	305	-	-	2.585
Buildings	2.343	109.973	(429)	57.205	-	-	169.092
Leasehold improvements	160.263	24.494	(4)	2.859	-	-	187.612
Plant and machinery	2.361.532	407.897	(81.506)	72.292	-	-	2.760.215
Motor vehicles	6.876	1.452	(26)	(5.698)	-	-	2.604
Furniture and fixtures	388.638	95.025	(2.750)	14.896	-	-	495.809
Other tangible assets	849	-	-	-	-	-	849
	2.920.501	**641.121**	**(84.715)**	**141.859**	**-**	**-**	**3.618.766**
Net book value	**4.815.797**						**7.426.990**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Cost and accumulated depreciation of land, land improvements and buildings before revaluation are as follows:

31 December 2022	**Land**	**Land improvements and buildings**
Cost	185.267	873.143
Accumulated depreciation (-)	-	(384.266)
Net book value	**185.267**	**488.877**

31 December 2021	**Land**	**Land improvements and buildings**
Cost	185.267	826.681
Accumulated depreciation (-)	-	(306.019)
Net book value	**185.267**	**520.662**

As of 31 December 2022, the Group does not have property, plant and equipment pledged (2021: None)

Allocation of current year depreciation and amortization expenses is as follows:

	1 January - 31 December 2022	**1 January - 31 December 2021**
Cost of sales	774.640	597.467
Research and development expenses	257.493	201.261
Marketing, selling and distribution expenses	50.984	93.079
General administrative expenses	88.768	30.587
Other operating expense (idle capacity depreciation expense)	11.672	4.464
	1.183.557	**926.858**

31 December 2022	**Level 1**	**Level 2**	**Level 3**
Tangible Assets			
Lands	-	3.194.525	-
Buildings and land improvements	-	5.154.304	-

31 December 2021	**Level 1**	**Level 2**	**Level 3**
Tangible Assets			
Lands	-	1.724.691	-
Buildings and land improvements	-	3.709.174	-

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 15 – RIGHT OF USE ASSETS

	1 January 2022	Additions	Disposals	31 December 2022
Cost				
Land and buildings	315.286	399.325	-	714.611
Motor vehicles	123.509	34.687	(1.063)	157.133
	438.795	**434.012**	**(1.063)**	**871.744**
Accumulated amortization				
Land and buildings	178.707	120.909	-	299.616
Motor vehicles	80.470	26.684	(16)	107.138
	259.177	**147.593**	**(16)**	**406.754**
Net book value	**179.618**	**-**	**-**	**464.990**

	1 January 2021	Additions	Disposals	31 December 2021
Cost				
Land and buildings	251.366	67.300	(3.380)	315.286
Motor vehicles	96.031	31.403	(3.925)	123.509
	347.397	**98.703**	**(7.305)**	**438.795**
Accumulated amortization				
Land and buildings	96.608	84.025	(1.926)	178.707
Motor vehicles	51.028	30.989	(1.547)	80.470
	147.636	**115.014**	**(3.473)**	**259.177**
Net book value	**199.761**	**-**	**-**	**179.618**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 16 – INTANGIBLE ASSETS

	1 January 2022	Additions	Disposals	Currency translation differences	31 December 2022
Cost					
Rights	89.530	1.095	-	4.035	94.660
Development cost	1.717.843	665.820	(84.538)	-	2.299.125
Other intangible assets	212.385	73.906	-	5.799	292.090
	2.019.758	**740.821**	**(84.538)**	**9.834**	**2.685.875**
Accumulated amortization					
Rights	64.629	4.277	-	4.006	72.912
Development cost	928.105	183.252	(4.015)	-	1.107.342
Other intangible assets	116.581	10.141	-	5.118	131.840
	1.109.315	**197.670**	**(4.015)**	**9.124**	**1.312.094**
Net book value	**910.443**				**1.373.781**

	1 January 2021	Additions	Disposals	Currency translation differences	31 December 2021
Cost					
Rights	84.977	-	(134)	4.687	89.530
Development cost	1.383.379	394.730	(60.266)	-	1.717.843
Other intangible assets	175.417	27.531	(281)	9.718	212.385
	1.643.773	**422.261**	**(60.681)**	**14.405**	**2.019.758**
Accumulated amortization					
Rights	55.933	4.504	(125)	4.317	64.629
Development cost	773.431	155.534	(860)	-	928.105
Other intangible assets	103.469	10.685	(5.940)	8.367	116.581
	932.833	**170.723**	**(6.925)**	**12.684**	**1.109.315**
Net book value	**710.940**				**910.443**

Development costs, incurred by the Group on development projects relating to television and electronic devices, refrigerators, split air conditioners, washing machines, cookers, drying machines and dish washers are capitalized as intangible assets when it is probable that costs will be recovered through future commercial activity and only if the cost can be measured reliably.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 17 – GOODWILL

Goodwill is distributed on cash generating unit which are based on segmental reporting. Summary table of goodwill based on segmental reporting is given below:

	31 December 2022	31 December 2021
White goods	168.543	168.543
Television and electronic devices	25.773	25.773
Software	2.252	2.252
	196.568	**196.568**

Impairment of the goodwill amount relating to the listed subsidiary of the Group is tested through the evaluation of the fair value determined on the average transaction amounts effective as of the balance sheet date as recoverable amount.

NOTE 18 – GOVERNMENT GRANTS

There are investment incentive certificates to which the Group has been entitled by the official authorities in connection with certain capital expenditures. The grants obtained by the Group in nature are as follows:

i) Exemption from customs duty on machinery and equipment to be imported,
ii) VAT exemption with respect to purchases of investment goods both from domestic and export markets,
iii) Incentives under the jurisdiction of the research and development law,(Note 30)
iv) Inward processing permission certificates,
v) Cash refund from Tübitak - Teydeb for research and development expenses,
vi) Discounted corporate tax incentive,
vii) Insurance premium employer share incentive
viii) Brand support incentive (Turquality) given by Republic of Turkey Ministry of Economy.

Research and development incentive premium from Tübitak Technology and Innovation Funding programs directorate ("TEYDEB") amounts to TL 5.030 for the period 1 January - 31 December 2022. (1 January -31 December 2021 TL 10.344).

Brand support incentive Turquality obtained from Republic of Turkey Ministry of Economy amounts to TL 40.993 in year 2022. (2021: TL 4.022).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	31 December 2022	31 December 2021
Short term provisions		
Warranty and assembly provision	680.015	477.020
Other provisions	819.480	716.541
Provision for lawsuit risks	60.510	47.074
	1.560.005	**1.240.635**
Long term provisions		
Warranty and assembly provision	151.680	93.449
	151.680	**93.449**

As of 31 December 2022, the amount of provision provided for the cases for which the probability of losing the case is assessed to be high by the Group management and legal advisors is TL 60.510 (2021: TL 47.074).

As of 31 December 2022 and 2021 movements of warranty and assembly provisions are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance, 1 January	**570.469**	**387.814**
Current year additions	1.025.249	583.038
Provisions no longer required	(764.023)	(400.383)
Balance at 31 December	**831.695**	**570.469**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

b) Guarantees received by the Group

Guarantee letters, collaterals, cheques and notes received

	31 December 2022	31 December 2021
Guarantee letters	2.198.770	1.393.114
Cheques and notes	2.083.544	1.275.077
Collaterals and pledges	2.625.958	1.535.346
	6.908.272	**4.203.537**

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. and Vestel Ticaret A.Ş. has given collaterals to various banks on behalf of the Company for its forward contracts and loans utilized.

c) Collaterals, pledges and mortgages ("CPM's") given by the Group

CPM's given by the Group	USD ('000)	EUR ('000)	GBP ('000)	TL	TL Equivalent
31 December 2022					
A. CPM's given on behalf of its own legal entity	3.625	4.227	-	24.076	176.397
B. CPM's given on behalf of fully consolidated subsidiaries (*)	2.226.653	83.116	450	4.200.339	47.580.069
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	34.991	-	-	19.383	674.834
i. Total amount of CPM's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	34.991	-	-	19.383	674.834
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	**2.265.269**	**87.343**	**450**	**4.243.798**	**48.431.300**

(*) Fully consolidated subsidiaries have given collaterals to various financial institutions on behalf of each other for their forward contracts and for the total amount of loans utilized.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

CPM's given by the Group	USD ('000)	EUR ('000)	GBP ('000)	TL	TL Equivalent
31 December 2021					
A. CPM's given on behalf of its own legal entity	8.879	22.206	450	120.160	569.276
B. CPM's given on behalf of fully consolidated subsidiaries	2.205.303	64.201	81	4.278.812	33.842.164
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-
D. Total amount of other CPM's given	43.137	-	-	21.169	580.979
i. Total amount of CPM's given on behalf of the parent company	-	-	-	-	-
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C.	43.137	-	-	21.169	580.979
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
Total	**2.257.319**	**86.407**	**531**	**4.420.141**	**34.992.419**

As of 31 December 2022, proportion of other CPM's given by the Group to its equity is 5% (31 December 2021: 6%).

NOTE 20 – COMMITMENTS

As of the balance sheet date the Group has committed to realize exports amounting to 5.331.164 thousand USD (31 December 2021: 5.198.333 thousand USD) due to the export and investment incentive certificates obtained.

As of 31 December 2022, the Group has forward foreign currency purchase contract that amounts to USD 813.078 thousand, EUR 173.310 thousand, GBP 79.849 thousand, PLN 23.186 thousand, CNY 66.896 thousand, TL 5.563.115 thousand against forward foreign currency sales contract that amounts to USD 559.982 thousand, EUR 540.395 thousand, GBP 84.901 thousand, PLN 87.098 thousand, TL 3.178.893 thousand. (31 December 2021: USD 889.644 thousand, EUR 182.045 thousand, GBP 94.967 thousand, PLN 26.510 thousand, RON 10.508 thousand, TL 2.083.288 thousand against forward foreign currency sales contract that amounts to USD 430.365 thousand, EUR 638.255 thousand, GBP 106.292 thousand, RUB 993.900 thousand, RON 18.031 thousand, PLN 65.490 thousand, SEK 9.447 thousand and TL 1.008.312 thousand against forward foreign currency sales contract).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 21 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	31 December 2022	31 December 2021
Due to personnel	273.856	131.134
Social security payables	180.113	148.369
	453.969	**279.503**

Long-Term provisions for employee benefits:

	31 December 2022	31 December 2021
Provision for employment termination benefits	**1.240.006**	**387.222**

Under Turkish law, the Group is required to pay employment termination benefits to each employee whose employment is terminated without due cause. In addition, under the existing Social Security Law No.506, clause No. 60, amended by the Labor Laws dated 6 March 1981, No.2422 and 25 August 1999, No.4447, the Group is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

The amount payable is the equivalent of one month's salary for each year of service and is limited to a maximum of 15.371,40 TL/year as of 31 December 2022 (31 December 2021: 8.284,51 TL/year).

Provision for employment termination benefits is not subject to any funding.

The provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined employee plans. Accordingly actuarial assumptions were used in the calculation of the total liability which are described below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. Consequently, in the accompanying financial statements as of 31 December 2021, the provision is calculated by estimating the present value of the future obligation of the Group arising from retirement of employees. As of 31 December 2022 provision is calculated based on real discount rate of 2%, assuming 7,02% annual inflation rate and 9,16% discount rate (31 December 2021: 4,44% real discount rate, 15,8% inflation rate and 20,9% discount rate).

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL 19.982,83 which is effective from 1 January 2023 (1 January 2022: TL 10.848,59) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 21 – EMPLOYEE BENEFITS (Cont'd)

The movement in the provision for employment termination benefit is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Balance at 1 January	**387.222**	**226.307**
Increase during the year	64.353	9.811
Payments during the year	(55.941)	(23.457)
Actuarial (gain) /loss	767.133	124.274
Interest expense	77.239	50.287
Balance at 31 December	**1.240.006**	**387.222**

NOTE 22 – OTHER ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Other current assets		
VAT carried forward	21.860	25.455
Rebates from suppliers and incentives income accruals	42.452	76.037
Other	92.986	113.831
	157.298	**215.323**

	31 December 2022	31 December 2021
Other current liabilities		
Tax payables	402.443	232.645
Other	815.554	802.189
	1.217.997	**1.034.834**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 23 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	31 December 2022	31 December 2021
Shares of par value Kr 1 each		
limit on registered share capital	2.000.000	2.000.000
Issued share capital	335.456	335.456

As of 31 December 2022 and 31 December 2021 the shareholding structures are as follows:

	Shareholding		Amount	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Zorlu Holding A.Ş.	60,95%	63,70%	204.444	213.696
Other shareholders	39,05%	36,30%	131.012	121.760
	100%	**100%**	**335.456**	**335.456**

Zorlu Holding A.Ş. sold Vestel Elektronik Sanayi ve Ticaret A.Ş. shares with a nominal amount of TL 4.797.600 on 28 April 2022, TL 2.455.000 on 26 August 2022, TL 2.000.000 on 28 December 2022. Following the transaction, Zorlu Holding A.Ş.'s share in Vestel Elektronik Sanayi ve Ticaret A.Ş. declined to 60.95%.

b) Adjustment to share capital

Adjustment to share capital (restated to 31 December 2004 purchasing power of money) is the difference between restated share capital and historical share capital.

c) Share premium

Share premium account refers the difference between par value of the Company's shares and the amount the company received for newly issued shares. The share premium account is disclosed under equity as a separate line item and may not be distributed. It may be used in capital increase.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 23 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

d) Legal reserves

The legal reserves consist of first and second legal reserves appropriated in accordance with the Turkish Commercial Code ("TCC"). The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. Under TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid in share capital.

	31 December 2022	31 December 2021
Legal reserves	**261.116**	**265.489**

e) Revaluation reserve

Fair value gains on financial assets	50.027	6.988
Revaluation of property, plant and equipment	5.646.358	3.985.651
	5.696.385	**3.992.639**

f) Retained Earnings

Extraordinary reserves	512.541	512.541
Previous year's loss	2.715.172	500.037
Other inflation adjustment of share capital	119.718	119.718
	3.347.431	**1.132.296**

g) Dividend distribution

For quoted companies dividends are distributed in accordance with the Communiqué Serial II -19.1 on "Principals Regarding Distribution of Interim Dividends" issued by the CMB effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communiqué does not state a minimum dividend rate. Companies distribute dividends in accordance with the method defined in their dividend policy or articles of association. Additionally, dividend can be distributed in fixed or variable installments and dividend advances can be paid over the profit on interim financial statements.

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determined in the articles of association or dividend policy are set aside; no decision can be taken to set aside other reserves, to transfer reserves to the subsequent year or to distribute dividends to holders of usufruct right certificates, to board of directors members or to employees; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.

NOTE 23 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

g) Dividend distribution (Cont'd)

On the other hand, in accordance with the Articles of Association of the Company, the net period income is allocated after deducting the accumulated losses from the previous years, if any, as follows:

a) As per Article 519 of the Turkish Commercial Code, 5% is allocated to a general legal reserve.

b) A dividend is allocated from the remaining amount, at the rate determined by the General Assembly over an amount to be found after the addition of a donation, which is made in line with the Turkish Commercial Code and Capital Market Legislation.

c) After the deductions above, the General Assembly has the right to decide how to allocate the dividend to members of the board of directors and officers, employees and workers, foundations established with various purposes, and similar persons and corporations.

d) After the amounts stated in paragraph (a), (b) and (c) are deducted from the net period profit, the General Assembly is authorized to allocate the remaining amount as a second dividend or to allocate the remaining amount to its own reserve as per Article 521 of the Turkish Commercial Code.

e) One tenth of the amount obtained after a dividend of 5% of the paid in capital and other legal reserve are deducted from the amount that is agreed to be allocated to the shareholders and other persons participating to the profit is added to the general legal reserve as per paragraph (c) of the second clause of article 519 of the Turkish Commercial Code.

In accordance with the provisions of the Turkish Commercial Code and Tax Procedure Law, Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. decided to distribute dividends related to 2021 financial period amounting to TL 698.309 (TL 0,43644 gross, TL 0,39280 net for each TL 1.00 nominal value per share). As of 31 December 2022, dividends paid amounted to TL 121.963 except Vestel Elektronik Sanayi ve Ticaret A.Ş.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 24 – SALES

	1 January - 31 December 2022	1 January - 31 December 2021
Domestic sales	19.240.316	8.601.572
Overseas sales	43.007.114	25.942.328
Gross sales	**62.247.430**	**34.543.900**
Sales discounts (-)	(3.873.581)	(2.038.065)
Net sales	**58.373.849**	**32.505.835**
Cost of sales	(44.691.815)	(23.487.021)
Gross profit	**13.682.034**	**9.018.814**

NOTE 25 – EXPENSES BY NATURE

	1 January - 31 December 2022	1 January - 31 December 2021
Raw materials, supplies and finished goods	41.099.033	23.602.311
Changes in finished goods, work in process, trade goods	(1.731.066)	(2.969.367)
Personnel expenses	4.587.057	2.393.286
Depreciation and amortization	1.171.885	922.394
Export, transportation, warehouse expenses	3.271.727	1.436.976
Warranty and assembly expenses	1.025.249	583.038
Advertising expenses	516.706	330.386
Other	3.433.463	1.649.705
	53.374.054	**27.948.729**

Fees for Services Received from Independent Audit Firm

The fees related to the services received by the Group from the Independent Audit Firm are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Independent audit fee for the reporting period	15.218	9.302
Tax consultancy	3.759	2.028
Fees for services other than independent audit	2.903	398
	21.880	**11.728**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 26 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) General administrative expenses:

	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	445.365	248.783
Depreciation and amortization	88.768	30.587
Consultancy expenses	166.234	89.434
Information technology expenses	124.981	60.931
Rent and office expenses	68.399	44.511
Tax and duties	87.391	17.570
Insurance expenses	31.764	23.657
Travelling expenses	17.560	7.974
Benefits and services provided externally	3.913	4.740
Other	196.368	122.848
	1.230.743	**651.035**

b) Marketing expenses:

	1 January - 31 December 2022	1 January - 31 December 2021
Export, transportation, warehouse expenses	2.999.228	1.349.663
Warranty and assembly expenses	1.025.249	583.038
Personnel expenses	1.211.697	601.013
Advertising expenses	439.681	293.400
Depreciation and amortization	50.984	93.079
Other	1.008.041	484.785
	6.734.880	**3.404.978**

c) Research and development expenses:

Depreciation and amortization	257.493	201.261
Personnel expenses	217.657	101.019
Travel expense	27.602	1.543
Other	213.864	101.872
	716.616	**405.695**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 27 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other income from operating activities:

	1 January - 31 December 2022	1 January - 31 December 2021
Credit finance gains arising from trading activities	133.315	28.588
Foreign exchange gains arising from trading activities	2.494.671	2.847.836
Reversals of provisions	22.052	13.638
Other income	326.702	274.139
	2.976.740	**3.164.201**

b) Other expense from operating activities:

Debit finance charges and interest income arising from trading activities	741.954	246.456
Foreign exchange expenses arising from trading activities	6.499.716	6.054.711
Provision expenses	12.424	31.755
Other expenses	303.577	223.278
	7.557.671	**6.556.200**

NOTE 28 – FINANCIAL INCOME AND FINANCIAL EXPENSE

a) Financial income:

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange gains	5.843.570	5.304.728
Gains on derivative financial instruments	3.045.956	1.913.654
Interest income	1.464.332	838.238
	10.353.858	**8.056.620**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 28 – FINANCIAL INCOME AND FINANCIAL EXPENSE (Cont'd)

b) Financial expense:

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange losses	4.270.180	3.217.176
Losses on derivative financial instruments	3.189.900	2.922.413
Interest and commision expense	2.742.919	1.308.747
Other finance expenses	6.811	8.161
	10.209.810	**7.456.497**

NOTE 29 – ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

a) Land, buildings and land improvements revaluation fund:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance, 1 January	**3.985.651**	**2.514.867**
Depreciation transfer upon revaluation reserves - net	(136.686)	(109.674)
Increase in reserves arising from revaluation of land, buildings and land improvements	2.681.393	1.877.468
Deferred tax income calculated over increase in revaluation reserves	(641.712)	(187.747)
Increase in revaluation reserves attributable to non-controlling interests	(300.270)	(131.991)
Deferred tax income calculated over increase in revaluation reserves attributable to non-controlling interest	64.586	13.199
Revaluation fund increase resulting from equity method investments	4.047	68.503
Transactions with non-controlling interests	(10.651)	(58.974)
Balance at 31 December	**5.646.358**	**3.985.651**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 29 – ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS (Cont'd)

b) Cash flow hedge fund:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance, 1 January	**132.935**	**(43.776)**
Profit/ (loss) from cash flow hedges	(388.570)	272.653
Deferred tax calculated over cash flow hedge fund	77.765	(66.312)
(Profit) / loss from cash flow hedges attributable to non-controlling interests	60.946	(37.038)
Deferred tax calculated over profit / (loss) from cash flow hedges attributable to non-controlling interests	(12.189)	7.408
Transactions with non-controlling interests	(254)	-
Balance at 31 December	**(129.367)**	**132.935**

c) Actuarial gain / loss arising from defined benefit plans:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance, 1 January	**(160.070)**	**(65.191)**
Actuarial gain/ loss arising from defined benefit plans	(767.133)	(124.274)
Deferred tax calculated over actuarial gain/ loss arising from defined benefit plans	153.427	24.855
Actuarial gain/ loss arising from defined benefit plans attributable to non-controlling interests	64.288	8.544
Deferred tax calculated over actuarial gain/ loss arising from defined benefit plans attributable to non-controlling interests	(12.858)	(1.709)
Transactions with non-controlling interests	1.551	(2.295)
Balance at 31 December	**(720.795)**	**(160.070)**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 30 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2022	31 December 2021
Corporation and income taxes	17.204	14.285
Prepaid taxes (-)	(51.426)	(22.272)
Current income tax liabilities - net	**(34.222)**	**(7.987)**
Deferred tax liabilities	-	(461.600)
Deferred tax assets	431.877	795.193
Deferred tax liabilities - net	**431.877**	**333.593**

In Turkey, advance tax returns are filed on a quarterly basis at the rate of 23%, until the 17th day of the following month and paid until the 17th day. Advance tax returns files within the year are offset against corporate income tax calculated over the annual taxable corporate income.

Turkish Tax Legislation does not permit a parent company its subsidiaries and investments in associates to file a consolidated tax return. Therefore, tax liabilities as reflected in these consolidated financial statements have been calculated on a separate entity basis for the fully consolidated subsidiaries.

Corporate tax rate is applied to tax base by adding back non deductable expenses; deducting exceptions and discounts which are stated in taxaxion law. In case of any undistributed divident, there is not any other tax payment. Therefore, in case of a distribution of the profit to;

- Individuals,
- Individuals and legal entities who are not subject to income and corporate tax,
- Individuals and legal entities who are limited taxpayers,

is subject to 15% income tax witholding tax. In case of addition to capital from current year's profit, it is not considered as profit distribution and witholding tax is not applied.

According to the Corporate Tax Law, 50% of the capital gains arising from the sale of tangible assets and 75% of the earning from investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

There is no procedure for a final and definitive agreement on tax assessments. Tax returns are filed until 25th April following the close of the accounting year to which they relate. Tax authorities may however examine such returns and the underlying accounting records and may revise assessment within five years.

In accordance with the regulation, corporate tax rate for the year 2022 has set for 23%, 2023 for 20%.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 30 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

Russian Federation

In Russia, corporate tax rate applicable is 20% (2021: 20%). Under the Russian Federation taxation system, tax losses can be carried forward to be offset against future taxable income any period. The amounts that can be deducted are limited to 50% of the declared corporate income. On the other hand, tax, currency and customs legislations are subject to various interpretations and changes which can occurs frequently in Russian Federation. Management's interpretation for such legislation, which is applied to the Group's operations and activities, can be interpreted by regional and federal authorities in different ways.

The events of the recent past in Russian Federation, shows that risk could be possible on approval of operations and activities, which approved in the past may not be approved in the future as a result of reviews by the tax authorities on legislation. According to a review by the tax inspection authorities, without exceptional circumstances, tax inspection covers three years prior to the final inspection. Under certain circumstances, such views may cover longer periods.

The tax results of Company's subsidiaries in other countries are not material to consolidated financial statements.

As of 1 January - 31 December 2022 and 2021 tax benefit in the consolidated statement of income is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Current period tax expense	(17.204)	(10.293)
Deferred tax benefit	559.303	465.477
Total tax benefit	**542.099**	**455.184**

Reconciliation between the current period tax expense and deferred tax benefit as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Profit before tax	**566.088**	**1.698.769**
Local tax rate	%23	%25
Tax income calculated using local tax rate	(130.200)	(424.692)
Non-deductible expenses	(134.804)	(101.864)
Loss from equity accounted investment	730	(16.615)
Adjustments with no tax effects	(166.880)	(12.418)
Deduction and exemptions	243.860	277.930
Reduced taxation	727.770	599.945
Deferred tax effect of change in legal tax rate	1.623	132.898
Total tax benefit	**542.099**	**455.184**

Due to modernization, plant extension and investments incentive documents in Manisa Organized Industrial Zone, the Group has reduced rate of corporate tax advantage.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 30 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

Deferred tax assets and liabilities

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Communiqué II, No. 14.1 and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for the Communiqué and tax purposes.

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided using principal tax rate as of the balance sheet dates is as follows:

	Cumulative temporary differences		Deferred tax	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Deferred tax assets / (liabilities)				
Revaluation of tangible fixed assets	7.986.773	5.305.380	(1.095.765)	(530.538)
Employment termination benefits	(1.240.006)	(387.222)	248.001	77.444
Investment incentive	-	-	532.965	228.430
Warranty provision	(831.695)	(570.469)	166.339	142.617
Provision for doubtful receivables	(154.598)	(174.147)	30.920	43.537
Net difference between book values and tax bases of property, plant and equipment and intangible asset	(869.566)	(100.000)	173.913	20.000
Net difference between book values and tax bases of inventories	(172.608)	(99.413)	34.522	24.853
Provision for derivative instruments	(488.345)	(243.119)	97.669	205.157
Carryforward tax losses and R&D incentives	-	-	295.603	103.941
Other	261.451	(72.608)	(52.290)	18.152
Deferred tax assets - net			**431.877**	**333.593**

	31 December 2022	**31 December 2021**
Subsidiares with net deferred tax liabilities	-	(461.600)
Subsidiares with net deferred assets	431.877	795.193

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 30 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

The movement of net deferred tax assets and liabilities is as follows:

	1 January - 31 December 2022	**1 January - 31 December 2021**
Opening balance, 1 January	**333.593**	**(12.216)**
Tax benefit recognized in income statement	559.303	465.477
Recognized in shareholders' equity	(433.469)	(220.684)
Currency translation differences	(27.550)	101.016
Deferred tax (liabilities) / assets at the end of the period, net	**431.877**	**333.593**

NOTE 31 – EARNINGS PER SHARE

	1 January - 31 December 2022	**1 January - 31 December 2021**
Net income / (loss) attributable to equity holders of the parent	856.747	1.895.487
Weighted number of ordinary shares with a Kr 1 of par value (hundred shares)	33.545.628	33.545.628
Earnings per share	**2,55**	**5,65**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 32 – DERIVATIVE INSTRUMENTS

	31 December 2022		31 December 2021	
	Contract amount	**Fair Value Assets / (Liabilities)**	**Contract amount**	**Fair Value Assets / (Liabilities)**
<u>Derivative financial instruments:</u>				
Held for trading				
Forward foreign currency transactions	4.322.285	97.790	1.610.694	14.151
Cash flow hedge				
Forward foreign currency transactions	2.974.281	9.434	7.794.738	274.617
<u>Derivative financial liabilities:</u>				
Held for trading				
Forward foreign currency transactions	3.952.326	(216.967)	5.999.754	(490.901)
Cash flow hedge				
Forward foreign currency transactions	9.658.119	(378.602)	1.374.424	(40.986)
	20.907.011	**(488.345)**	**16.779.610**	**(243.119)**

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Capital risk management:

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through optimization of the debt and equity balance.

The management considers the Group's cost of capital and the risks associated with each class of capital. The management aims to balance its overall capital structure through the payment of dividends, share issues and proceeds from or repayments of debt.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2022, and 31 December 2021 the Group's net debt / total equity ratios are as follows:

	31 December 2022	**31 December 2021**
Total financial liabilities (Note 7)	21.435.706	12.117.126
Cash and cash equivalents (Note 5)	(1.552.411)	(2.089.143)
Net debt	**19.883.295**	**10.027.983**
Total shareholders equity	13.194.198	10.311.661
Total capital invested	**33.077.493**	**20.339.644**
Net debt/capital invested	**60%**	**49%**

b) Financial risk factors:

The Group's activities expose it to a variety of financial risks including the foreign currency exchange rates risk, credit risk and liquidity risk. The Group's overall risk management programme on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments in order to protect itself from various financial risks.

b.1) Credit risk:

The Group is exposed to credit risk arising from receivables from credit finance sales and deposits with banks. Credit risk of receivables from third parties is managed by securing receivables with highest possible coverage. Methods used are:

- Bank guarantees (guarantee letters, etc.)
- Credit insurance
- Mortgages
- Cheque-notes

For customers receivables from which are not secured with collaterals, the credit quality of the customer is assessed by taking into account its financial position, past experience and other factors and individual risk limits are determined and monitored regularly.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Receivables					
	Trade receivables		Other receivables			
31 December 2022	**Related party**	**Other party**	**Related party**	**Other party**	**Bank deposits**	**Other**
Maximum exposed credit risk as of 31 December 2021 (A+B+C+D)	**40.856**	**10.933.121**	**17.770.403**	**1.201.762**	**1.431.854**	**120.557**
- Secured portion of the maximum credit risk by guarantees, etc.	-	(7.357.564)	-	-	-	-
A.Net book value of financial assets either are not due or not impaired	40.856	5.666.103	17.770.403	1.201.762	1.431.854	120.557
- Secured portion by guarantees etc.	-	(4.820.753)	-	-	-	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C.Net book value of the overdue but not impaired financial assets	-	5.267.018	-	-	-	-
- Secured portion by guarantees etc.	-	(2.691.409)	-	-	-	-
D.Net book value of the impaired financial assets	-	-	-	-	-	-
-Over due (gross book value)	-	-	-	97.901	-	-
-Impairment (-)	-	(154.598)	-	(97.901)	-	-
-Secured portion of the net value by guarantees etc.	-	154.598	-	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Trade receivables		Other receivables			
31 December 2021	**Related party**	**Other party**	**Related party**	**Other party**	**Bank deposits**	**Other**
Maximum exposed credit risk as of 31 December 2019 (A+B+C+D)	**14.133**	**6.660.616**	**11.566.057**	**738.919**	**1.960.965**	**128.178**
- Secured portion of the maximum credit risk by guarantees, etc.	-	(3.894.116)	-	-	-	-
A.Net book value of financial assets either are not due or not impaired	14.111	5.080.189	11.566.057	738.919	1.960.965	128.178
- Secured portion by guarantees etc.	-	(3.454.300)	-	-	-	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C.Net book value of the overdue but not impaired financial assets	22	1.580.242	-	-	-	-
- Secured portion by guarantees etc.	-	(613.963)	-	-	-	-
D.Net book value of the impaired financial assets	-	186	-	-	-	-
-Over due (gross book value)	-	-	-	97.948	-	-
-Impairment (-)	-	(174.147)	-	(97.948)	-	-
-Secured portion of the net value by guarantees etc.	-	174.147	-	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

Aging of financial assets which are overdue but not impaired is as follows:

	31 December 2022	31 December 2021
Overdue 1 - 30 days	2.141.857	807.845
Overdue 1 - 3 months	1.203.516	470.512
Overdue 3 - 12 months	1.469.453	243.774
Overdue 1 - 5 years	452.192	58.111
Total	**5.267.018**	**1.580.242**

There is no additional guarantee for receivables from related parties. The main shareholder declares that such receivables will be paid in case of need.

b.2) Liquidity risk:

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Derivative financial liabilities are presented by undiscounted net inflows and outflows.

The Group has classified letters of credit that used for the purchases of goods within the scope of its ordinary activities under trade payables. The amount of such letters of credit is TL 5.718.961 as of 31 December 2022 (31 December 2021: TL 6.222.464).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2022, maturity analysis of the Group's financial liabilities is as follows:

Contractual maturities	Carrying value	Contractual cash flows	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities						
Financial and lease liabilities	21.435.706	22.408.170	2.121.340	19.031.425	1.255.405	-
Trade payables	21.764.354	22.064.601	17.450.836	4.364.431	143.498	105.836
Other payables	2.791	2.791	2.791	-	-	-
	43.202.851	**44.475.562**	**19.574.967**	**23.395.856**	**1.398.903**	**105.836**
Derivative financial instruments						
Derivative cash inflows	-	20.907.011	13.983.731	6.923.280	-	-
Derivative cash outflows	-	(23.179.965)	(16.969.861)	(6.210.104)	-	-
	488.345	**(2.272.954)**	**(2.986.130)**	**713.176**	**-**	**-**

As of 31 December 2021, maturity analysis of the Group's financial liabilities is as follows:

Contractual maturities	Carrying value	Contractual cash flows	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities						
Financial and lease liabilities	12.117.126	13.105.969	5.683.749	6.300.266	932.867	189.087
Trade payables	16.207.592	16.669.337	6.404.221	10.265.063	53	-
Other payables and liabilities	10.752	10.752	10.752	-	-	-
	28.335.470	**29.786.058**	**12.098.722**	**16.565.329**	**932.920**	**189.087**
Derivative financial instruments						
Derivative cash inflows	-	16.779.610	12.650.129	4.129.481	-	-
Derivative cash outflows	-	(16.400.765)	(12.412.857)	(3.987.908)	-	-
	243.119	**378.845**	**237.272**	**141.573**	**-**	**-**

b.3) Foreign currency risk:

The Group is exposed to exchange rate risk due to its foreign currency denominated transactions. The main principle of foreign currency risk management is to maintain foreign exchange position at the level that minimizes the impact of foreign exchange fluctuations.

Derivative instruments are used in foreign currency risk management where necessary. In this respect the Group mainly prefers using foreign exchange forward contracts.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

31 December 2022	USD (Thousand)	EUR (Thousand)	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	92.683	263.765	587.424	7.578.567
2a. Monetary financial assets (including cash and cash equivalents)	21.100	26.982	10.514	942.932
2b. Non-monetary financial assets	-	-	-	-
3. Other	40.192	832	-	768.108
4. Current assets (1+2+3)	**153.975**	**291.579**	**597.938**	**9.289.607**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	4.595	10.569	-	296.611
7. Other	783.367	51	-	14.648.648
8. Non-current assets (5+6+7)	**787.962**	**10.620**	**-**	**14.945.259**
9. Total assets (4+8)	**941.937**	**302.199**	**597.938**	**24.234.866**
10. Trade payables	677.301	217.665	95.485	17.129.632
11. Financial liabilities	248.953	84.602	183.531	6.536.488
12a. Other monetary liabilities	277	805	-	21.265
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**926.531**	**303.072**	**279.016**	**23.687.385**
14. Trade payables	-	9.157	-	182.873
15. Financial liabilities	36.142	-	-	677.012
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**36.142**	**9.157**	**-**	**859.885**
18. Total liabilities (13+17)	**962.673**	**312.229**	**279.016**	**24.547.270**
19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)	**253.096**	**(367.085)**	**(206.830)**	**(2.796.817)**
19a. Hedged total assets	813.078	173.310	2.073.924	20.765.640
19b. Hedged total liabilities	(559.982)	(540.395)	(2.280.754)	(23.562.457)
20. Net foreign currency asset/ (liability) position (9-18+19)	**232.360**	**(377.115)**	**112.092**	**(3.109.221)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+3+5+6a+7-10-11-12a-14-15-16a)	**(25.331)**	**(20.599)**	**318.922**	**(609.015)**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	-	**(488.345)**
23. Export	614.513	1.589.196	2.421.546	43.007.114
24. Import	1.279.169	264.044	157.073	25.932.596

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

31 December 2021	USD (Thousand)	EUR (Thousand)	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	123.693	259.585	536.015	5.952.546
2a. Monetary financial assets (including cash and cash equivalents)	32.874	15.189	1.480.246	2.129.878
2b. Non-monetary financial assets	-	-	-	-
3. Other	28.598	781	-	382.597
4. Current assets (1+2+3)	**185.165**	**275.555**	**2.016.261**	**8.465.021**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	5.876	8.483	-	200.806
7. Other	746.115	51	-	9.683.456
8. Non-current assets (5+6+7)	**751.991**	**8.534**	-	**9.884.262**
9. Total assets (4+8)	**937.156**	**284.089**	**2.016.261**	**18.349.283**
10. Trade payables	930.274	159.275	48.129	14.459.283
11. Financial liabilities	387.528	55.256	-	5.840.434
12a. Other monetary liabilities	6.306	1.395	-	102.318
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**1.324.108**	**215.926**	**48.129**	**20.402.035**
14. Trade payables	-	12.328	-	181.003
15. Financial liabilities	23.342	19.455	-	588.561
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**23.342**	**31.783**	**-**	**769.564**
18. Total liabilities (13+17)	**1.347.450**	**247.709**	**48.129**	**21.171.599**
19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)	**459.279**	**(456.210)**	**(529.994)**	**(1.267.913)**
19a. Hedged total assets	889.644	182.045	1.773.263	15.991.457
19b. Hedged total liabilities	(430.365)	(638.255)	(2.303.257)	(17.259.370)
20. Net foreign currency asset/ (liability) position (9-18+19)	**48.985**	**(419.830)**	**1.438.138**	**(4.090.229)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(416.170)**	**27.897**	**1.968.132**	**(3.023.122)**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	**-**	**(243.119)**
23. Export	750.685	1.444.050	2.060.349	25.942.328
24. Import	1.580.568	253.795	9.959	15.716.719

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 31 December 2022 and 31 December 2021 sensitivity analysis of foreign exchange rates is presented in below tables. Secured portions include impact of off-balance sheet derivative instruments.

	Gain / Loss		Equity	
31 December 2022	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(42.017)	42.017	(42.017)	42.017
Secured portion from USD risk (-)	(370.415)	370.415	(370.415)	370.415
USD net effect	**(412.432)**	**412.432**	**(412.432)**	**412.432**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	(18.910)	18.910	(18.910)	18.910
Secured portion from EUR risk (-)	(17.801)	17.801	(17.801)	17.801
EUR net effect	**(36.711)**	**36.711**	**(36.711)**	**36.711**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	11.548	(11.548)	11.548	(11.548)
Secured portion from other currency risk (-)	(38.620)	38.620	329.651	(329.651)
Other currency net effect	**(27.072)**	**27.072**	**341.199**	**(341.199)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Gain / Loss		Equity	
31 December 2021	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(612.131)	612.131	(612.131)	612.131
Secured portion from USD risk (-)	(154.729)	154.729	(71.556)	71.556
USD net effect	**(766.860)**	**766.860**	**(683.687)**	**683.687**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	40.959	(40.959)	40.959	(40.959)
Secured portion from EUR risk (-)	(125.042)	125.042	(387.274)	387.274
EUR net effect	**(84.083)**	**84.083**	**(346.315)**	**346.315**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	196.813	(196.813)	196.813	(196.813)
Secured portion from other currency risk (-)	169.037	(169.037)	329.651	(329.651)
Other currency net effect	**365.850**	**(365.850)**	**526.464**	**(526.464)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

b.4) Interest rate risk:

The Group is exposed to interest rate risk as the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate hedge contracts and forward interest rate contracts.

Analysis of financial instruments of the Group which are sensitive to interest rate changes is as follows:

	31 December 2022	31 December 2021
Financial instruments with fixed interst rates		
Bank deposits	214.747	550.795
Financial liabilities	11.034.466	3.383.391
Financial instruments with floating interst rates		
Financial liabilities	10.401.240	8.733.735

On 31 December 2022, if interest rates of all currency denominated financial assets and liabilities with variable interest rates has increased / decreased by 100 base point with all other variables held constant, income before taxes would have been TL 100.848 (2021: TL 16.451) lower / higher as a result of interest expenses.

NOTE 34 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

Categories of financial instruments and fair values

Among Group's financial assets, cash and cash equivalents (note 5), trade receivables (notes 8 and 9) and other receivables (notes 10), are classified as amortized cost, financial assets (note 6) as fair value through other comprehensive income, derivative instruments (note 31) as fair value through profit or loss.

Group's financial liabilities consist of financial liabilities (note 7), trade payables (note 8 and 9) and other payables (note 10) and are measured at amortized cost using the effective interest method, derivative instruments (note 32) are classified as fair value through profit or loss.

NOTE 34 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgement is necessarily required interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange. Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Monetary assets

The book value of foreign currency denominated balances which are translated to TL using exchange rates prevailing on the date of the balance sheet approximate their fair values. For financial assets measured at cost including cash and cash equivalents, the carrying amounts are the same with fair values due to their short term nature. Carrying amounts of trade receivables net of impairments approximate their fair values.

Monetary liabilities

The fair values of short term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term. Fair value is calculated by discounting the cash out flows regarding due dates of financial liabilities considering the changing country risk premium and changes in the market interest rates.

Fair value hierarchy

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Cont'd)

Fair value hierarchy tables as of 31 December 2022 and 31 December 2021 are as follows:

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	107.224	-	107.224
Financial investments	70.400	-	-	70.400
Financial liabilities				
Derivative financial liabilities	-	(595.569)	-	(595.569)

31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	288.768	-	288.768
Financial investments	16.601	-	-	16.601
Financial liabilities				
Derivative financial liabilities	-	(531.887)	-	(531.887)

An independent valuation of the Group's land, land improvements and buildings were performed by valuers to determine the fair value of the land and buildings as at 31 December 2022. The fair value of land, land improvements and buildings were determined using the inputs other than quoted prices (Level 2), (Note 2.6.i).

NOTE 35 – SUBSEQUENT EVENTS

Within the scope of the restructuring of sales and marketing companies abroad, Vestel Poland sp. z o.o., which is based in Poland and wholly owned by Vestel Ticaret AŞ (Vestel Ticaret), a fully owned subsidiary of Vestel Elektronik Sanayi ve Ticaret AŞ (Vestel Elektronik), has been merged into Vestel Holland B.V. another wholly owned subsidiary of Vestel Ticaret. With the merger, all the assets, liabilities and operations of Vestel Poland sp. z o.o. have been transferred to Vestel Holland B.V. Sp. z o.o. Oddzial w Polsce, which is a branch established in Poland by Vestel Holland B.V. The merger took place as of 1 January 2023.